

Local

- The local equities market tracked gains in overseas market, advancing by 0.19% to close at 7,139.27 yesterday. All sub-indices closed higher except Property (-0.70%) which retreated on sector-specific profit-taking. Market breadth turned out positive with 107 advances outnumbering 67 declines. Meanwhile, 36 issues were unchanged. Total value turnover reached Php13.21 billion. Foreign investors were net buyers at Php6.93 billion after 13 consecutive trading days of net foreign selling.
- The Bureau of Customs (BOC) collections for November posted double-digit year-on-year growth, albeit still falling short of target. The BOC raised Php31.224 billion in November, 10.5% higher than the Php28.254 collected in the same month the previous year. However, November collections was not able to reach the agency's goal of Php37.328 billion. According to the BOC, five (5) out of six (6) high-revenue generating ports failed to reach their respective targets. Lower price of imported petroleum products also dampened revenues, as it usually accounts for about 25% of collections. Year to date, total collections amounted to Php331.171 billion, or 18% higher than the same period last year. On a year to date basis, the BOC collections still was not able to satisfy the target of Php376.112 billion by as much as 11.9%.
- Consunji-led conglomerate DMCI Holdings Inc. (PSE Ticker: DMC) and wholly-owned subsidiary DM Consunji, Inc. agreed to sell a total of 25.11% stake in the concessionaire of the Tarlac-Pangasinan-La Union Expressway (TPLEX) to San Miguel Corp. (PSE Ticker: SMC), allowing the latter to achieve control of the consortium. This will bring San Miguel's stake to 70.11% from the previous 45%, permitting it to consolidate the consortium in its books. The transaction was valued at Php1.83 billion. The completion of the deal is subject to compliance with certain conditions and securing consents from the Toll Regulatory Board and the Department of Public Works and Highways as required by the Toll Concession Agreement.
- Yields of local government securities traded higher on thin volume as most players are already in vacation mode. Yields on average rose by 4.41 basis points as the short-, belly, and long-end of the curve increased by 1.3, 7.4, and 3.6 basis points, respectively.
- The Philippine Peso appreciated against the US Dollar buoyed by capital flows to the local financial markets and strong remittances from overseas Filipino workers. Investors in the equities market turned net sellers yesterday ending a 13-day selling spree. The Philippine peso strengthened by 10.5 centavos to end the day at 44.620.

US and Europe

- US equities closed at fresh record highs on Monday on continued optimism over the Federal Reserve's "lower for longer" monetary policy stance. The Dow Jones Industrial Average climbed 154.64 points, or 0.9%, to 17,959.44. The S&P 500 gained 7.89 points, or 0.4%, to 2,078.54, marking its 50th record for the year.
- Existing home sales fell in November. The National Association of Realtors said existing-home sales slumped 6.1% MoM to a seasonally adjusted annual rate of 4.93 million. That is the lowest level since May. Tightening inventory levels, exacerbated by weak home construction, have left consumers with fewer choices. The median sale price for existing homes rose 5% YoY to US\$205,300. At November's sales pace, it would take 5.1 months to clear houses from the market, unchanged from October.
- U.S. two-year note yields rose for a fourth day following an auction of the security, raising a total of US\$27 billion. The said benchmark tenor fetched its highest yield since March 2011 amid signs of economic growth. The bid-to-cover ratio was 3.21, compared with an average of 3.4 at the past 10 sales. The auction was rated a '3' by five of the Fed's primary dealers. In the secondary market, the yield of the 2-year note rose by 2.06 basis points to 0.6586%.
- After consolidating last Friday, European equities started to move higher, lifted by political maneuvering in Greece and hopes for additional stimulus from the European Central Bank (ECB). The FTSEurofirst 300 index inched upward by 5.93 points, or 0.4%, to 1,367.00.
- The Russian central bank announced the first bailout for the country's currency crisis, lending up to US\$540 million to save mid-sized lender Trust Bank. The central bank's Deposit Insurance Agency would provide funds worth 30 billion rubles via loan and would assume interim control of Trust Bank.
- The EUR/USD currency pair bounced back from recent lows as on hopes of continued accommodative monetary policy stance from the Fed. The currency pair appreciated by 0.32 cents, to end the day at 1.2261.

Asia Pacific

- The MSCI All Country Asia Pacific Index extended its winning streak for a third day, gaining 0.99 points, or +0.73%, ending the day at 137.90. Hong Kong's Hang Seng Index continued its uptrend, rising by 1.26+% to 23,408.57 as concerns regarding further instability in commodities markets receded. Australia's ASX 200 also moved up, gaining 1.94%, to 5,441.96, fuelled by energy stocks. Likewise, Japan's Nikkei also inched upward by 0.08% to 17,635.14 on the back of the recovery of oil and ruble. India's S&P BSE Sensex also booked gains, gaining 1.21% to 27,701.79.

Key Indicators

EQUITIES BENCHMARK INDICES	22-Dec-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,139.27	0.19%	-1.87%	-1.88%	21.21%
MSCI World USD Index	1,723.26	0.36%	4.15%	-0.80%	4.18%
MSCI All Country Asia Pacific ex-Japan Total Returns	386.23	1.29%	1.99%	-1.55%	3.01%
MSCI Europe USD Index	1,626.68	0.45%	4.49%	-2.34%	-7.37%
FTSEurofirst 300 Index	1,367.00	0.44%	5.92%	-1.29%	4.01%
Dow Jones Industrial Average Index	17,959.44	0.87%	4.53%	0.84%	8.99%
Standard & Poor's 500 Index	2,078.54	0.38%	4.47%	0.73%	12.88%

YIELDS AND PRICES	22-Dec-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	2.4227	0.02%	0.16%	0.75%	1.93%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.6409	0.03%	0.21%	0.48%	1.71%
ROP2021 (Price)	108.292	0.04	0.00	0.72	4.67
ROP2034 (Price)	133.798	0.10	0.15	1.84	14.24
3-Month US Treasury Yield	0.0203	-0.01%	0.02%	0.02%	-0.04%
2-year US Treasury Yield	0.6586	0.02%	0.08%	0.16%	0.27%
10-year US Treasury Yield	2.1583	-0.00%	0.04%	-0.15%	-0.84%
30-year US Treasury Yield	2.7430	-0.01%	-0.00%	-0.27%	-1.19%
3-Month German Treasury Bill Yield	-0.170	0.00%	-0.06%	-0.07%	-0.23%
Dubai Crude Oil Spot (\$/bbl)	58.11	3.01%	-2.74%	-23.38%	-46.54%
1-month Nymex oil futures (\$/bbl)	55.26	-2.23%	-1.16%	-27.77%	-44.92%
Gold Spot (\$/oz)	1,176.45	-1.66%	-1.41%	-2.09%	-3.04%
USD/PHP (PDEX close)	44.620	(0.11)	(0.05)	(0.36)	0.22

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of December 22, 2014					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	137.90	+ 0.99	+ 0.72	
Australia	S&P/ASX 200 Index	5,441.96	+ 103.31	+ 1.94	
China	Shanghai SE Comp Index	3,127.45	+ 18.85	+ 0.61	
Hong Kong	Hang Seng Index	23,408.57	+ 291.94	+ 1.26	
India	SENSEX	27,701.79	+ 329.95	+ 1.21	
Indonesia	Jakarta Composite Index	5,125.77	- 18.85	- 0.37	
Japan	Nikkei 225	17,635.14	+ 13.74	+ 0.08	
Malaysia	KLCI	1,744.05	+ 28.06	+ 1.64	
New Zealand	NZX 50 Index	5,541.74	+ 13.99	+ 0.25	
Singapore	Straits Times Index	3,330.96	+ 51.43	+ 1.57	
South Korea	KOSPI	1,943.12	+ 13.14	+ 0.68	
Taiwan	TWSE	9,095.00	+ 95.48	+ 1.06	
Thailand	SET Index	1,536.83	+ 22.48	+ 1.48	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	22-Dec-14	19-Dec-14	Difference		22-Dec-14	19-Dec-14	Difference
1 month	2.2500	2.2500	0.000	4 year	3.3750	3.2350	+ 0.140
3 month	2.2500	2.2500	0.000	5 year	3.3999	3.3900	+ 0.010
6 month	2.3750	2.3750	0.000	7 year	3.8500	3.8500	0.000
1 year	2.4500	2.4000	+ 0.050	10 year	3.9020	3.8338	+ 0.068
2 year	2.5250	2.5000	+ 0.025	20 year	5.0000	5.0000	0.000
3 year	3.2261	3.0300	+ 0.196	25 year	4.5713	4.5319	+ 0.039

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
12/23/2014	Philippines External Balance of Trade	Oct	12/23/2014	GDP US Chained 2009 Dollars QoQ SAAR	3Q T
12/23/2014	Philippines External Trade Imports YoY	Oct	12/23/2014	US Durable Goods New Orders Industries MoM SA	Nov
12/23/2014	Philippines External Trade Imports	Oct	12/23/2014	University of Michigan Consumer Sentiment Index	Dec F
12/29/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Nov	12/23/2014	US Personal Income MoM SA	Nov
12/29/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	Nov	12/23/2014	US Personal Consumption Expenditures Nominal Dollars MoM SA	Nov
12/29/2014	Philippines Budget Balance Monthly	Nov	12/24/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Dec 19
			12/24/2014	US Initial Jobless Claims SA	Dec 20
			12/30/2014	Conference Board Consumer Confidence SA 1985=100	Dec
			12/31/2014	MNI Chicago Business Barometer (sa)	Dec

Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Inquirer Business, Reuters, Briefing, Bloomberg, CNN, Dow Jones