

Local

- The local equities market took a slide yesterday as market participants sought to position themselves ahead of the BSP's Monetary Board meeting, which is set to take place this week. Speculation as to whether or not the BSP would hike rates during the upcoming meeting, in addition to the PSEi's ongoing valuation concerns, weighed on investors' minds. Moreover, Asian markets were negatively affected overall by escalating violence in Iraq. The PSEi continued last week's downward momentum, losing 26.50 points, or -0.39%, to close at 6,758.45. Property (+0.60%) and mining and oil (+0.48%) managed to eke out gains while holding firms (-0.74%), services (-0.52%), and financials (-0.26%) received the largest losses among peers. Market breadth continues to be negative with 95 declines outnumbering 91 advances, while 47 issues were unchanged. Total value turnover amounted to Php6.71 billion. Foreign investors were net sellers at Php0.06 billion.
- Megaworld Corp. (PSE Ticker: MEG) announced yesterday that it plans to spend Php230 billion in the next five years to fund its residential, office, hotels, commercial and retail projects across the country. The company expects to roll out at least ten residential projects and six office towers annually. For the same period, recurring income will be boosted by planned commercial projects in the cities of Quezon, Taguig, Makati, Cebu, Iloilo and Davao. Following their township model, MEG is allocating Php35 billion in its "green" township, Woodside City, along C5 in Pasig City. The company also launched its first township in Mindanao, the Davao Park District in Lanang, Davao City.
- For the month of April, Overseas Filipino Workers' (OFW) personal remittances (i.e. cash and non-cash items) reported a month-on-month increase of 5.2% to US\$2.124 billion from US\$2.09 the previous month. Cumulative personal remittances from January to April added up to USD8.209 billion. The Bangko Sentral ng Pilipinas (BSP) attributes the steady growth in personal remittances to both land-based workers with long-term contracts, and sea-based and land-based workers with short-term contracts. Last year, personal remittances grew by 8.6% to US\$25.531 billion. For this year, BSP anticipates cash remittances to register a 5% annual increase.
- On the local fixed income market, prices of local government securities slipped as profit-taking ensued following last week's rally. Yields across the curve climbed by an average of 2.18 basis points led by the belly and short-end of the curve which rose by 4.3 and 2.0 basis points, respectively.
- The Philippine peso weakened against the greenback on increasing concerns over the violence in Iraq, and following data which showed that OFW remittances for the month of April grew by 5.2%, the weakest for the year so far. The local currency lost 13 centavos to close at 43.920.

US and Europe

- US equities edged slightly higher as investors focused on M&A stories, coupled with a solid economic data set, which temporarily overshadowed the geopolitical uncertainty in Ukraine after Russian natural gas exporter Gazprom cut off supplies. The S&P500 index advanced 1.62 points to close at 1,937.78, while the Dow Jones Industrial Average index climbed 5.27 points to close at 16,781.01.
- The Federal Reserve reported that industrial production in the US rose by a seasonally adjusted 0.6% from an upwardly revised decline of 0.3% in April. The better-than-expected performance reflected a 0.6% increase in manufacturing production, which included a 1.5% jump in automotive output, a 1.1% rise in machinery production, and a 1.3% jump in mining output. The gains were slightly affected by a 0.8% decline in utility output.
- The National Association of Home Builders (NAHB) reported that its index jumped four points to a seasonally adjusted 49 in June. The NAHB index of builder confidence in the market for new single homes jumped four points from 45 in May. The index measures home-builder confidence, and this month's increase shows that confidence rose in June for the first time since December 2013.
- US Treasury prices were mixed as investors took a flight-to-safety stance amid the escalating violence in Iraq. US Treasuries' attractiveness increased on the back of political uncertainty in the Middle East and Eastern Europe and ahead of the FOMC meeting slated Thursday. The two-year yield rose 1.4 basis points to close at 0.468%, while the ten-year yield declined 0.6 basis points to close at 2.597%.
- European equities edged slightly lower amid the violence in Iraq and its impact on oil prices, which kept investors on the back foot. The FTSEurofirst300 index declined 5.88 points to close at 1,383.95.
- The euro weakened as investors remained cautious ahead of the Euro-zone inflation figures, which will set the tone for the ECB's policy actions moving forward. The shared currency added 0.34 cents to close at EUR/USD1.3540.

Asia Pacific

- Asian markets lost ground on Monday as crude oil prices continued to rise, testing nine-month highs amid fears on the possibility of a spreading insurgency in Iraq. Brent crude oil climbed around 0.6% to US\$113.16 per barrel, after reaching US\$114.69 last Friday, which was the highest since September. Sunni insurgents invaded a mostly ethnic Turkmen city in northwestern Iraq last Sunday, while the US boosted security for its diplomatic personnel in Baghdad, with some evacuated from the embassy. Losses were led by Japan's Nikkei 225 (-1.09%), Indonesia's Jakarta Composite Index (-0.84%), and Malaysia's KLCI (-0.27%). The MSCI All Country Asia Pacific Index waned 0.37 points, or -0.26%, to 143.71.

Key Indicators

EQUITIES BENCHMARK INDICES		16-Jun-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,758.45	-0.39%	-0.65%	-0.87%	14.75%
MSCI World USD Index		1,726.99	-0.01%	-0.52%	2.57%	4.40%
MSCI All Country Asia Pacific ex-Japan Total Returns		401.06	-0.03%	-0.00%	1.36%	6.96%
MSCI Europe USD Index		1,823.03	-0.11%	-0.90%	0.68%	3.81%
FTSEurofirst 300 Index		1,383.95	-0.42%	-0.70%	1.65%	5.30%
Dow Jones Industrial Average Index		16,781.01	0.03%	-0.96%	1.76%	1.84%
Standard & Poor's 500 Index		1,937.78	0.08%	-0.69%	3.19%	5.23%
YIELDS AND PRICES		16-Jun-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.2750	0.00%	-0.00%	-0.01%	0.78%
1-Year Philippine Treasury Bill Yield (PDST-F)		1.9217	-0.07%	-0.12%	-0.37%	0.99%
ROP2021 (Price)		106.289	(0.05)	(0.46)	(0.17)	2.67
ROP2034 (Price)		126.638	(0.01)	(1.75)	(2.90)	7.08
3-Month US Treasury Yield		0.0253	-0.01%	-0.01%	0.01%	-0.04%
2-year US Treasury Yield		0.4675	0.02%	0.05%	0.11%	0.08%
10-year US Treasury Yield		2.5970	-0.01%	-0.01%	0.07%	-0.40%
30-year US Treasury Yield		3.3958	-0.02%	-0.04%	0.05%	-0.54%
3-Month German Treasury Bill Yield		-0.064	0.00%	-0.05%	-0.07%	-0.13%
Brent Crude Oil Spot (\$/bbl)		109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)		109.13	0.15%	3.84%	3.27%	0.40%
1-month Nymex oil futures (\$/bbl)		106.90	-0.01%	2.38%	4.78%	6.56%
Gold Spot (\$/oz)		1,271.88	-0.39%	1.56%	-1.67%	4.82%
USD/PHP (PDEX close)		43.920	0.13	0.34	0.17	(0.48)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of June 16, 2014					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	143.71	-	0.37	- 0.26
Australia	S&P/ASX 200 Index	5,412.32	+	7.26	+ 0.13
China	Shanghai SE Comp Index	2,085.98	+	15.27	+ 0.74
Hong Kong	Hang Seng Index	23,300.67	-	18.50	- 0.08
India	SENSEX	25,190.48	-	37.69	- 0.15
Indonesia	Jakarta Composite Index	4,885.46	-	41.20	- 0.84
Japan	Nikkei 225	14,933.29	-	164.55	- 1.09
Malaysia	KLCI	1,871.58	-	5.16	- 0.27
New Zealand	NZX 50 Index	5,178.80	+	8.29	+ 0.16
Singapore	Straits Times Index	3,290.26	-	2.99	- 0.09
South Korea	KOSPI	1,993.59	+	2.74	+ 0.14
Taiwan	TWSE	9,202.93	+	6.54	+ 0.07
Thailand	SET Index	1,471.85	+	15.83	+ 1.09

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	16-Jun-14	13-Jun-14	Difference		16-Jun-14	13-Jun-14	Difference
1 month	1.2500	1.2500	0.000	4 year	3.1750	3.1226	+ 0.052
3 month	1.1000	1.0023	+ 0.098	5 year	3.4000	3.4000	0.000
6 month	1.3000	1.3000	0.000	7 year	3.7000	3.5926	+ 0.107
1 year	1.6598	1.6768	- 0.017	10 year	3.9000	3.9000	0.000
2 year	2.4557	2.4264	+ 0.029	20 year	4.9000	4.9000	0.000
3 year	2.7515	2.7274	+ 0.024	25 year	5.0754	5.1082	- 0.033

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
6/19/2014	Philippines BOP	May	6/17/2014	US CPI Urban Consumers MoM SA	May
6/19/2014	Philippines Overnight Reverse Repurchase Agreement RRP Rate	Jun 19	6/17/2014	US New Privately Owned Housing Units Started by Structure Total SAAR	May
6/25/2014	Philippines External Balance of Trade	Apr	6/18/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jun 13
6/25/2014	Philippines External Trade Imports YoY	Apr	6/19/2014	Federal Funds Target Rate US	Jun 18
6/25/2014	Philippines External Trade Imports	Apr	6/19/2014	US Initial Jobless Claims SA	Jun 14
			6/23/2014	US Existing Homes Sales SAAR	May
			6/24/2014	Conference Board Consumer Confidence SA 1985=100	Jun
			6/25/2014	GDP US Chained 2009 Dollars QoQ SAAR	1Q T
			6/25/2014	US Durable Goods New Orders Industries MoM SA	May
			6/27/2014	University of Michigan Survey of Consumer Confidence Sentiment	Jun F

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