

## Local

November 21, 2014

- Local equities slightly declined as the market tracked regional trends following the release of the latest Federal Open Market Committee meeting minutes. The PSEi shed 0.54 points, or -0.01%, to close at 7,268.95. The sectors' performances ended mixed mostly due to sector-specific news with the industrial firms and services sector leading the pack, as both rose 0.15%. Meanwhile, holding firms declined -0.21%, as Ayala Corporation raised funds through additional equity placement. Market breadth was negative, with 98 declines outnumbering 84 advances, while 42 issues remained unchanged. Total value traded reached Php 21.09 billion. Foreign investors were net buyers at Php 5.22 billion.
- Robinsons Land Corporation (RLC) is looking to add more muscle to its office property portfolio, as it plans to expand outside Metro Manila in order to develop synergies with its geographically diverse mall developments. RLC to date has 10 existing office buildings under its portfolio, nine of which are in Metro Manila and one in Cebu. RLC general manager for office buildings division Faraday D. Go said that RLC has several locations that they are looking into, mostly those with existing malls.
- Union Bank of the Philippines (UBP) sold Php7.2 billion Tier 2 notes to expand the bank's capital and support growth in its expanding lending and investment businesses. The final issue size increased from a base of Php5 billion due to strong demand from retail and institutional investors. The notes have a tenor of ten years and three months, with a coupon rate of 5.37%. UBP has the option to call the bonds after five years and three months.
- On the local fixed income space, prices of government securities fell for a second consecutive trading day as investors continued to unload positions. Yields went up 5.2 basis points on average led by the long-end, which hiked by 8.2 basis points, trailed by the short-end and the belly, up by 7.3 and 1.8 basis points, respectively.
- The Philippine peso traded sideways against the US Dollar due to the lack of fresh leads. Despite opening slightly lower, the peso remained at 45.070 by the end of the day.

## US and Europe

- US equities edged higher following a string of economic data releases—Philly Fed manufacturing, existing home sales, and the leading index, coupled with surprisingly positive earnings and sales from a handful of retailers to offset sluggish manufacturing reports in both Europe and China. The S&P 500 index climbed 4.03 points, or 0.2%, to close at 2,052.75, while the Dow Jones Industrial Average gained 33.27 points, or 0.2%, to close at 17,719.00.
- Reports from the National Association of Realtors showed that sales of existing homes rose to their highest level in a year during October. It is important to note that October was the sixth month in seven that sales rose from the preceding month. Sales in October increased 2.5% year-on-year, which is the first time so far in 2014 that sales rose rather than fell on an annual basis. The sales of previously owned homes rose 1.5% month-on-month, coming in higher than market estimates of -0.4% to a seasonally adjusted annual rate of 5.26 million (market expectation: 5.15 million).
- US consumer price index printed unchanged month-on-month, above the market estimate of a -0.1% change. Year-on-year consumer prices were higher by 1.7% for a third successive month. The "core" CPI rose a seasonally adjusted 0.2%, versus market estimate of +0.1%. Energy prices slumped 1.9% month-on-month and 1.6% year-on-year.
- US Treasuries rallied on the back of a strong leading index and existing home sales data. The two-year note yield declined by 1.0 bps, to close at 0.509%. Meanwhile, the 10-year bond yield fell 2.0 bps to 2.337%.
- European equities fell following a sluggish read on Continental manufacturing data. The FTSEurofirst 300 index fell 3.50 points to close at 1,356.38.
- The dollar rose as signs of a stronger US economy overshadowed slowing manufacturing growth in Europe. The Euro lost 0.0026 against the USD to close at 1.2517.

## **Asia Pacific**

- Asian equities ended mixed, as country-specific factors weighed in on local markets despite better than expected economic releases from the US. Japan's Nikkei climbed 0.07%, as exporters continued to gain in light of the yen's sustained depreciation. A similar drop in the rupee helped boost Indian exporters, with the Sensex closing 0.12% higher. Meanwhile, the ASX200 fell 0.98% due to worries on the demand outlook for Australian commodities.

## Key Indicators

EQUITIES BENCHMARK INDICES	20-Nov-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,268.95	-0.01%	0.98%	3.00%	23.42%
MSCI World USD Index	1,725.47	0.04%	0.54%	6.11%	4.31%
MSCI All Country Asia Pacific ex-Japan Total Returns	390.57	-0.37%	-1.97%	0.78%	4.17%
MSCI Europe USD Index	1,648.54	-0.26%	1.27%	4.64%	-6.12%
FTSEurofirst 300 Index	1,356.38	-0.26%	0.73%	6.57%	3.20%
Dow Jones Industrial Average Index	17,719.00	0.19%	0.38%	8.04%	7.53%
Standard & Poor's 500 Index	2,052.75	0.20%	0.66%	7.81%	11.48%
YIELDS AND PRICES	20-Nov-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.6705	0.09%	0.10%	0.24%	1.18%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.0500	0.09%	0.08%	0.16%	1.12%
ROP2021 (Price)	107.586	0.02	0.45	0.31	3.96
3-Month US Treasury Yield	0.0000	0.00%	-0.01%	-0.02%	-0.06%
2-year US Treasury Yield	0.5086	-0.01%	-0.01%	0.16%	0.12%
10-year US Treasury Yield	2.3373	-0.02%	-0.00%	0.15%	-0.66%
30-year US Treasury Yield	3.0543	-0.02%	-0.02%	0.09%	-0.88%
3-Month German Treasury Bill Yield	-0.102	-0.01%	0.01%	0.02%	-0.17%
Dubai Crude Oil Spot (\$/bbl)	73.60	-1.70%	-2.84%	-13.47%	-32.28%
1-month Nymex oil futures (\$/bbl)	75.58	1.34%	1.85%	-8.62%	-24.66%
Gold Spot (\$/oz)	1,193.88	0.94%	2.70%	-4.25%	-1.60%
USD/PHP (PDEX close)	45.070	0.00	0.20	0.25	0.67

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets					
Last Trade as of November 20, 2014					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	139.22	-	0.46	- 0.33
Australia	S&P/ASX 200 Index	5,316.24	-	52.60	- 0.98
China	Shanghai SE Comp Index	2,452.66	+	1.67	+ 0.07
Hong Kong	Hang Seng Index	23,349.64	-	23.67	- 0.10
India	SENSEX	28,067.56	+	34.71	+ 0.12
Indonesia	Jakarta Composite Index	5,093.57	-	34.37	- 0.67
Japan	Nikkei 225	17,300.86	+	12.11	+ 0.07
Malaysia	KLCI	1,822.29	-	2.10	- 0.12
New Zealand	NZX 50 Index	5,526.95	+	4.89	+ 0.09
Singapore	Straits Times Index	3,315.60	-	18.96	- 0.57
South Korea	KOSPI	1,958.04	-	8.83	- 0.45
Taiwan	TWSE	9,078.87	+	115.63	+ 1.29
Thailand	SET Index	1,568.68	-	8.87	- 0.56

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)								
	20-Nov-14	19-Nov-14	Difference		20-Nov-14	19-Nov-14	Difference	
1 month	1.5000	1.5000	0.000		4 year	2.9750	2.9750	
3 month	1.5000	1.4838	+	0.016	5 year	3.2346	3.2510 - 0.016	
6 month	2.0000	1.8000	+	0.200	7 year	3.7750	3.7750	
1 year	1.8750	1.8000	+	0.075	10 year	3.7957	3.7576 + 0.038	
2 year	2.4956	2.3850	+	0.111	20 year	5.0000	4.8379 + 0.162	
3 year	2.5083	2.5112	-	0.003	25 year	4.6357	4.5897 + 0.046	

## Upcoming Economic Releases

November 21, 2014

Date	Philippines	Period Covered	Date	US	Period Covered
11/25/2014	Philippines External Balance of Trade	Sep	11/25/2014	GDP US Chained 2009 Dollars QoQ SAAR	3Q S
11/25/2014	Philippines External Trade Imports YoY	Sep	11/25/2014	US GDP Price Index QoQ SAAR	3Q S
11/25/2014	Philippines External Trade Imports	Sep	11/25/2014	Conference Board Consumer Confidence SA 1985=100	Nov
11/27/2014	Philippines GDP Constant 2000 Prices YoY	3Q	11/26/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Nov 21
11/27/2014	Philippines National Accounts GDP Constant 2000 Prices QoQ SA	3Q	11/26/2014	US Initial Jobless Claims SA	Nov 15
11/28/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Oct	11/26/2014	US Durable Goods New Orders Industries MoM SA	Oct
11/28/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	Oct	11/26/2014	US Personal Income MoM SA	Oct
			11/26/2014	US Personal Consumption Expenditures Nominal Dollars MoM SA	Oct
			11/26/2014	MNI Chicago Business Barometer (sa)	Nov

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