

Global Market Indicators and FX Direction

Alison Fletcher, Bloomberg

Wed 1st Aug, Cebu

10:00 - 10:30am

Agenda

- Global Market Indicators
 - Financial Conditions Monitor
 - Economics Surprise Monitor
- Outlook for Philippines
- Determining FX Direction
- FX Market Developments

Global Market Indicators

Financial Conditions Monitor and
Economics Surprise Monitor

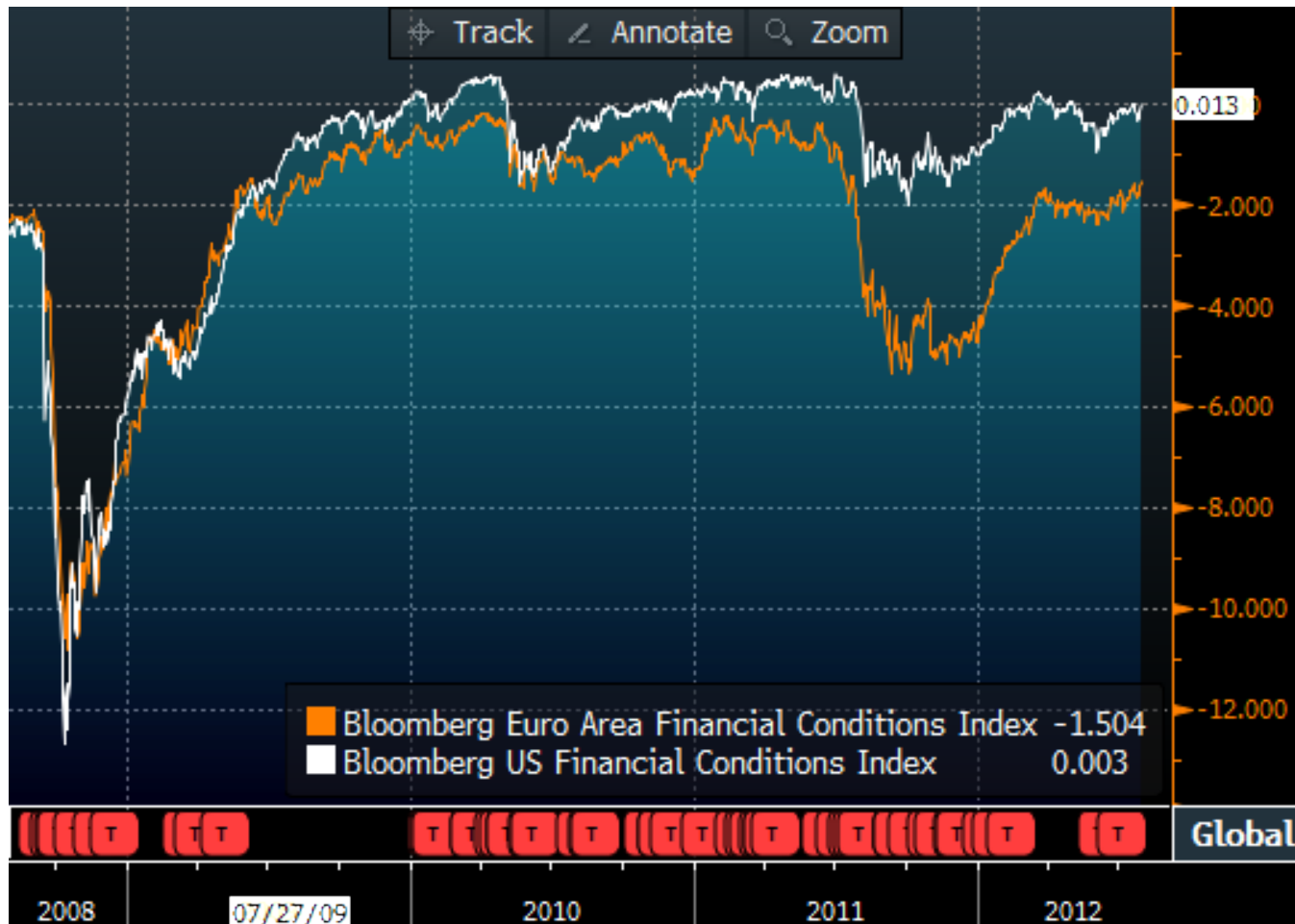
FCON<GO>: Financial Conditions Monitor



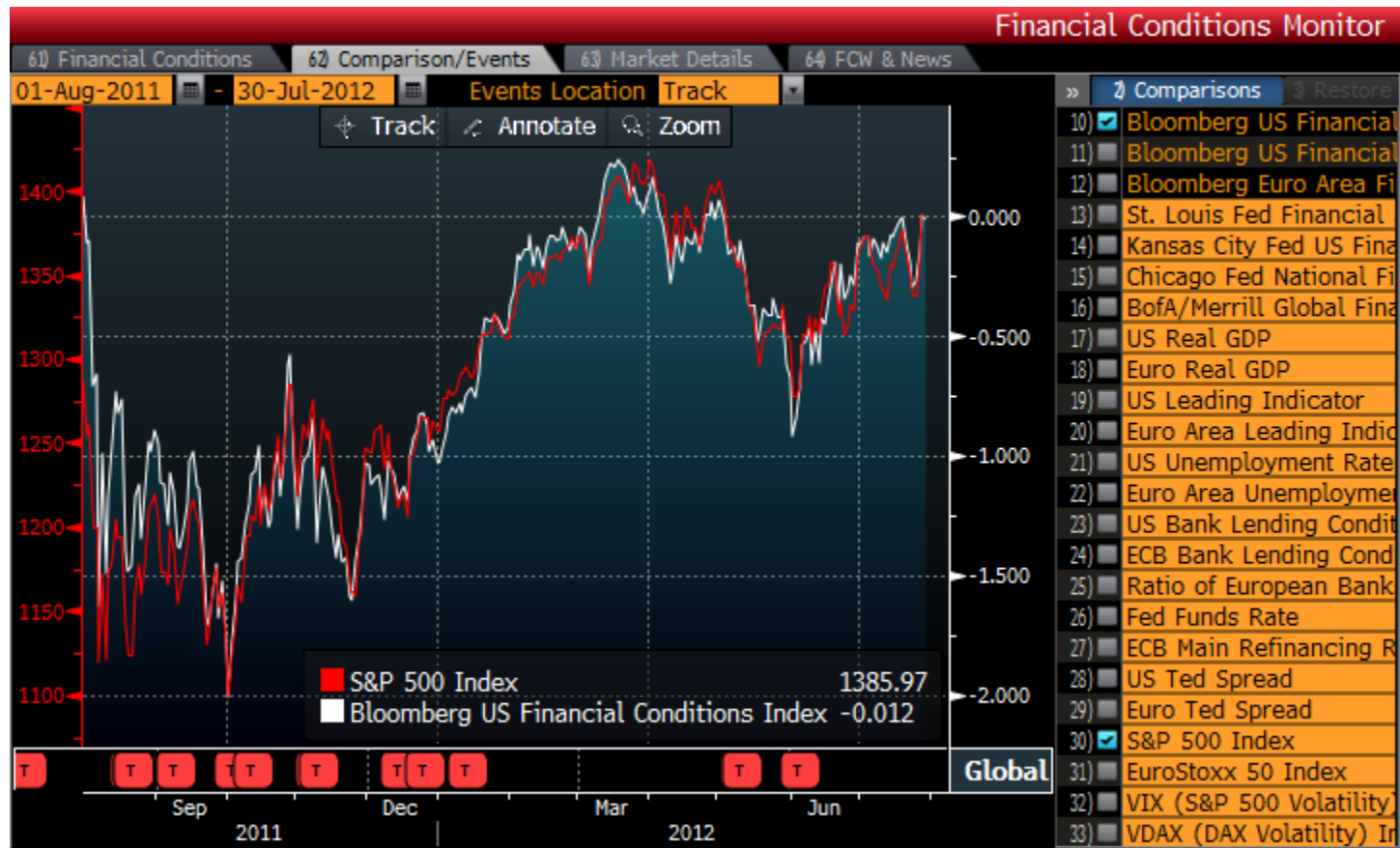
What Influences Financial Conditions?

Standard Deviation	BFCIUS Weight
Money Market	
Ted Spread	11.1%
Commercial Paper/T-Bill Spread	11.1%
Libor-OIS Spread	11.1%
	33.3%
Bond Market	
Baa Corporate/Treasury Spread	6.7%
Muni/Treasury Spread	6.7%
Swaps/Treasury Spread	6.7%
High Yield/Treasury Spread	6.7%
Agency/Treasury Spread	6.7%
	33.5%

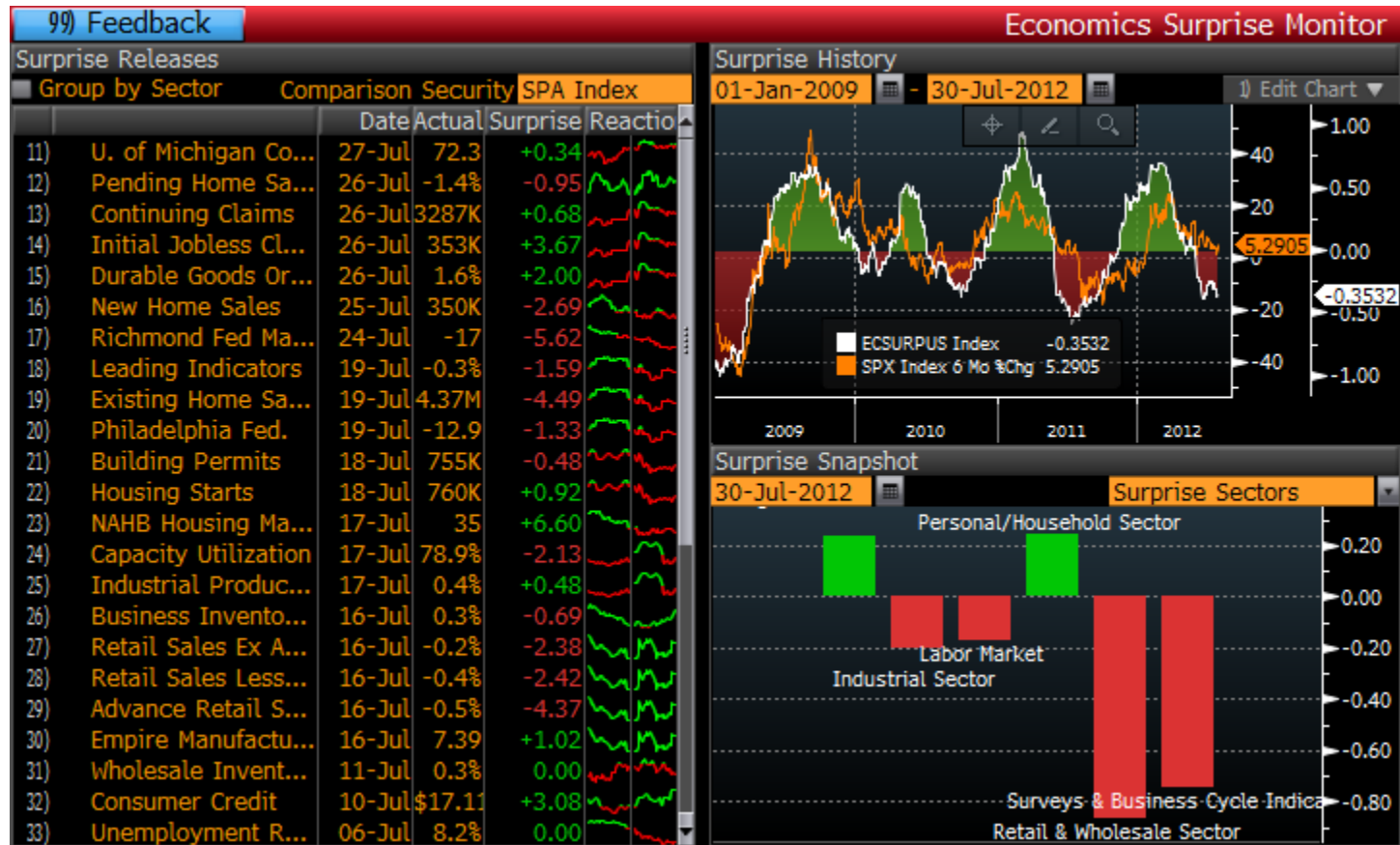
Tracking Europe vs U.S.



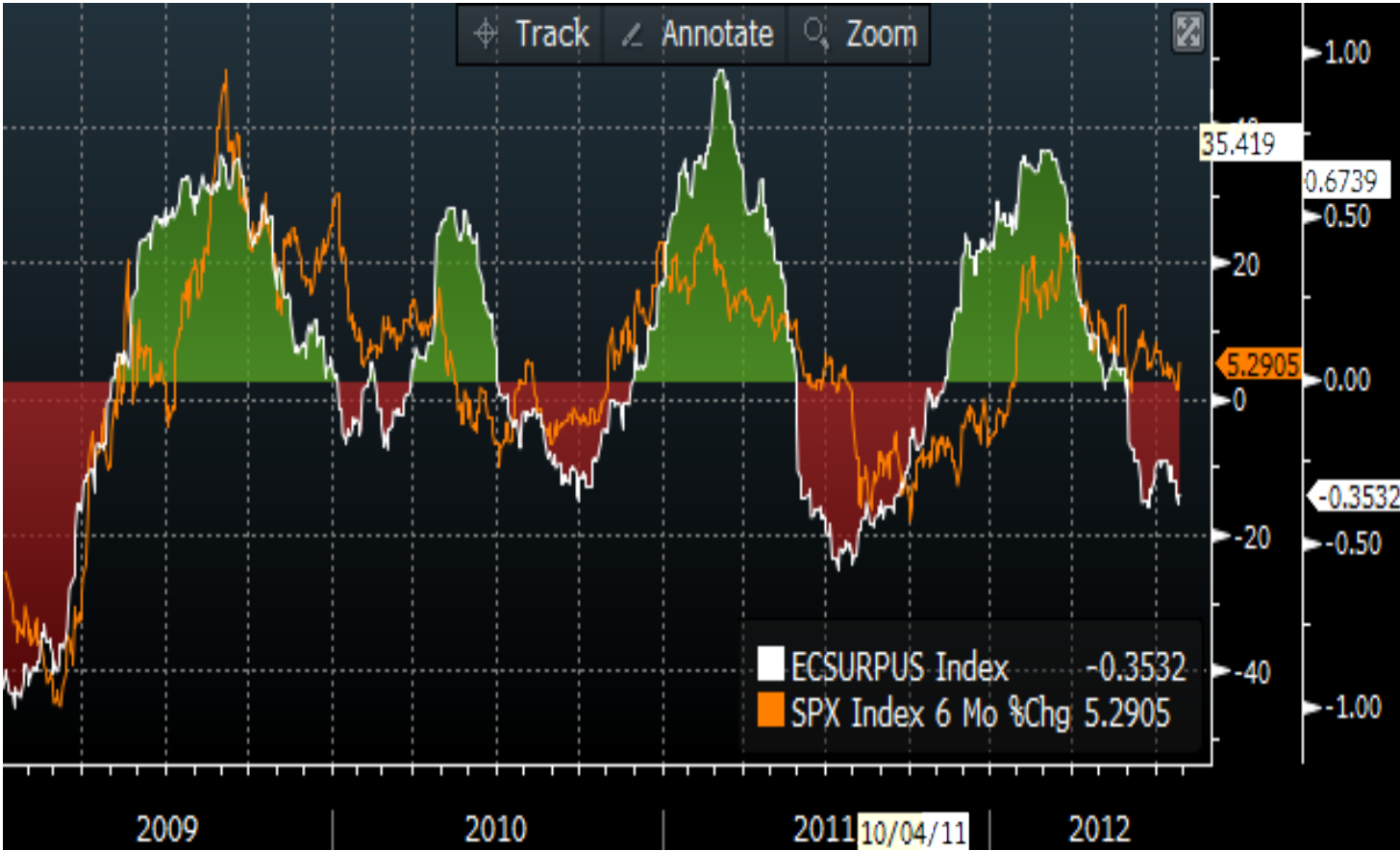
Does the S&P track Financial Conditions?



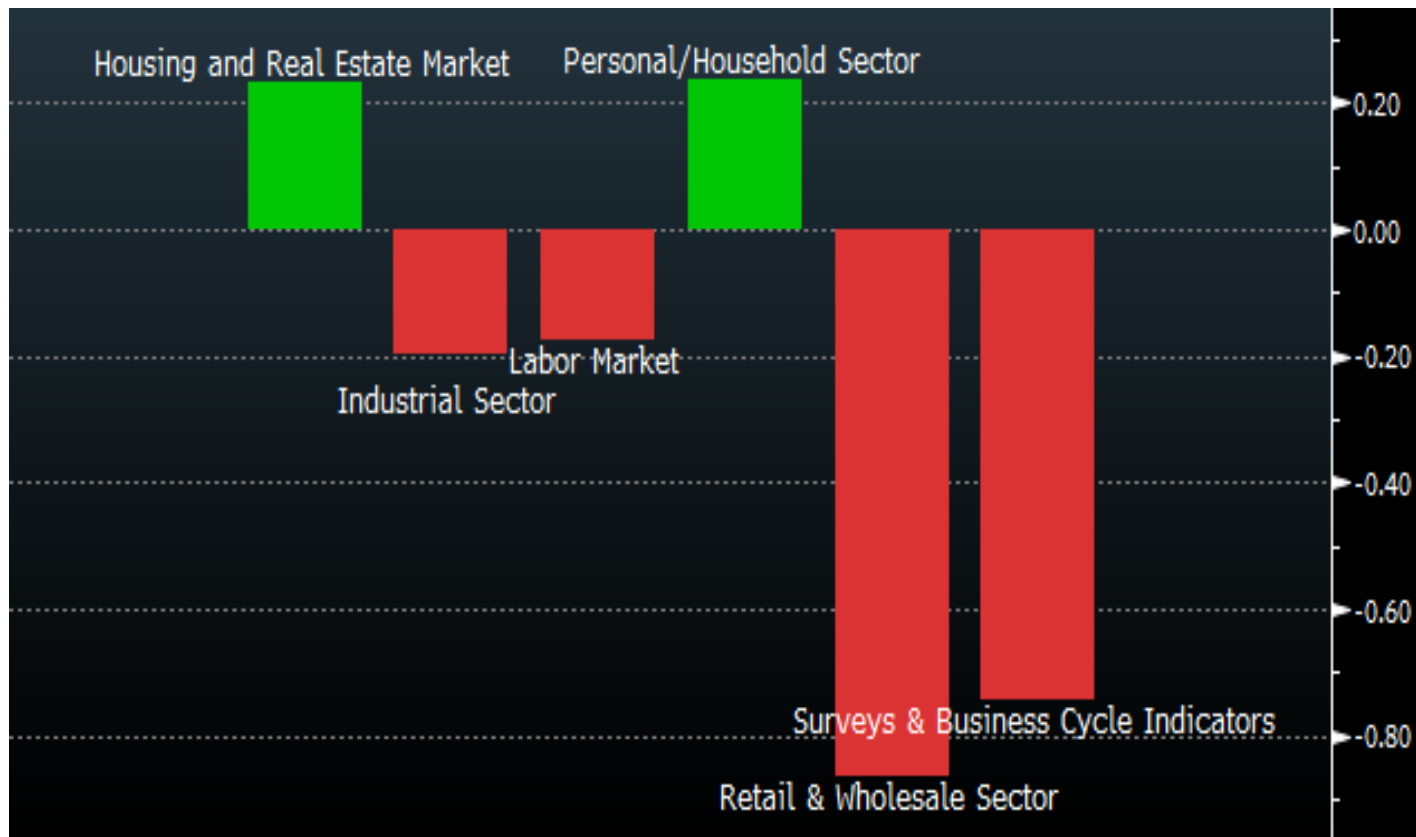
ECSU<GO>: Tracking Economics Surprise in the U.S.



Economics Surprise vs. the S&P



Which sectors are providing the biggest surprises?



Outlook for Philippines

ECFC<GO>: Philippines Growth is forecast higher

96 Chart		97 Set as Default View		Economic Forecasts						
Country/Region/World	Contributor	Contributor Composite		<input checked="" type="radio"/> Yearly <input type="radio"/> Quarterly						
Philippines		Actual / Forecasts								
Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Economic Activity										
1) Real GDP (YoY%)	4.75	5.25	6.63	4.18	1.13	7.68	3.93	4.20	5.00	5.00
2) CPI (YoY%)	7.68	6.28	2.96	8.15	4.23	3.78	4.73	3.10	3.80	-
3) Unemployment (%)	8.30	7.93	7.33	7.40	7.48	7.35	7.03	-	-	-
External Balance										
4) Curr. Acct. (% of GDP)	1.90	4.34	4.72	2.48	5.08	4.21	3.14	-	-	-
Fiscal Balance										
5) Budget (% of GDP)	-2.59	-1.03	-0.18	-0.88	-3.72	-3.49	-2.03	-	-	-
Interest Rates										
6) Central Bank Rate (%)	7.50	7.50	5.25	5.50	4.00	4.00	4.50	3.88	4.50	-
7) 3-Month Rate (%)	7.69	6.94	6.31	5.25	5.00	1.06	2.25	2.80	3.58	-
8) 2-Year Note (%)	9.69	5.42	11.09	9.79	11.69	4.78	-	-	-	-
9) 10-Year Note (%)	10.19	6.38	6.58	7.44	8.11	6.10	5.41	5.83	6.24	-
Exchange Rates										
10) USDPHP	53.08	49.03	41.25	47.52	46.16	43.80	43.84	42.20	41.00	40.00

Although this growth sentiment has fallen over time...



WCRS<GO>: Majors depreciating against the PHP...



Asian currencies still undervalued across the board...



Determining FX Direction

FXFC<GO>: FX Strategists are forecasting PHP strength

96 Chart		97 Histogram		Page 1/2 Foreign Exchange Forecasts						
Region	Asia	Currency	Philippine Peso				As of	07/30/12		
	USDPHP		Q3 12	Q4 12	Q1 13	Q2 13	2013	2014	2015	2016
Spot	41.9	Median	42.8	42.1	42.0	41.5	40.8	40.0	38.0	--
Q2 12 Actual	42.1	Mean	42.9	42.2	41.7	41.3	40.8	40.8	38.0	--
		High	46.1	45.5	44.3	44.0	43.0	45.0	38.0	--
Q2 12 Forecast	42.6	Low	41.5	40.0	39.5	39.0	38.0	38.0	38.0	--
		Forward	41.9	42.0	42.1	42.2	42.1	42.8	44.5	45.6
Contributors (22)		As of ↓	Q3 12	Q4 12	Q1 13	Q2 13	2013	2014	2015	2016
1)	Barclays	07/27/12	42.8	42.2	41.8	41.6	--	--	--	--
2)	Societe Generale	07/27/12	42.5	42.0	42.0	42.0	--	--	--	--
3)	Credit Agricole	07/26/12	44.0	42.7	42.3	41.9	41.0	--	--	--
4)	HSBC Holdings	07/24/12	42.8	42.4	42.0	41.8	41.4	--	--	--
5)	Australia & New Zeal...	07/20/12	43.6	43.4	43.2	43.0	--	--	--	--
6)	Citigroup	07/20/12	42.4	42.6	42.8	43.0	42.0	40.8	--	--
7)	JPMorgan Chase	07/20/12	42.5	42.5	42.3	41.5	--	--	--	--
8)	National Australia Bank	07/17/12	41.5	41.5	41.0	41.0	40.5	40.0	--	--
9)	Commonwealth Bank...	07/13/12	41.5	41.0	40.5	40.0	40.0	45.0	--	--
10)	Standard Chartered	07/12/12	41.8	40.5	40.0	41.0	--	--	--	--
11)	Lloyds Banking Group	07/11/12	46.1	45.5	44.3	44.0	43.0	40.0	38.0	--
12)	Royal Bank of Scotland	07/10/12	42.0	41.0	41.0	41.0	40.0	--	--	--
13)	Wells Fargo	07/10/12	41.8	41.5	41.3	41.0	40.5	--	--	--
14)	Bank of America Mer...	07/09/12	43.0	42.0	41.0	39.8	42.0	--	--	--

WFII<GO>: Foreign Investment into/out of Equity for FX Flows

Foreign Institutional Investment In Equities										
	Day		WTD Net		MTD Net		YTD Net		YTD Net	
	(Mil US\$)		(Mil US\$)		(Mil US\$)		(Mil US\$)		YoY%	
1) Asia										
2) India	-166.3	07/26	-190.5	07/26	1519.4	07/26	10035.7	07/26	336.1%	07/26
3) Indonesia	232.5	07/27	107.0	07/27	279.1	07/27	498.2	07/27	-82.1%	07/27
4) Japan	n.a.		-536.4	07/20	-2270.1	07/20	5384.0	07/20	-87.3%	07/20
5) Pakistan	-.1	07/27	4.3	07/26	29.6	07/26	-2.1	07/26	-123.3%	07/26
6) Philippines	-9.0	07/27	-63.0	07/26	483.7	07/26	2148.9	07/26	267.7%	07/26
7) S. Korea	421.9	07/27	116.8	07/27	-433.0	07/27	4899.1	07/27	1200.9%	07/27
8) Sri Lanka	.0	07/26	3.5	07/26	6.3	07/26	189.0	07/26	432.2%	07/26
9) Taiwan	225.9	07/27	-781.4	07/27	-2059.4	07/27	-2826.7	07/27	92.8%	07/27
10) Thailand	24.1	07/27	-173.2	07/27	-78.1	07/27	2004.1	07/27	151.0%	07/27
11) Vietnam	-.3	07/27	1.9	07/27	1.8	07/27	-24.9	07/27	-118.3%	07/27
Middle East										
12) Abu Dhabi	1.7	07/26	.9	07/26	8.7	07/26	11.4	07/26	180.4%	07/26
13) Dubai	.6	07/29	-1.0	07/26	36.3	07/26	72.6	07/26	128.8%	07/26
14) Qatar	2.8	07/26	21.2	07/26	-97.8	07/26	510.5	07/26	113.0%	07/26

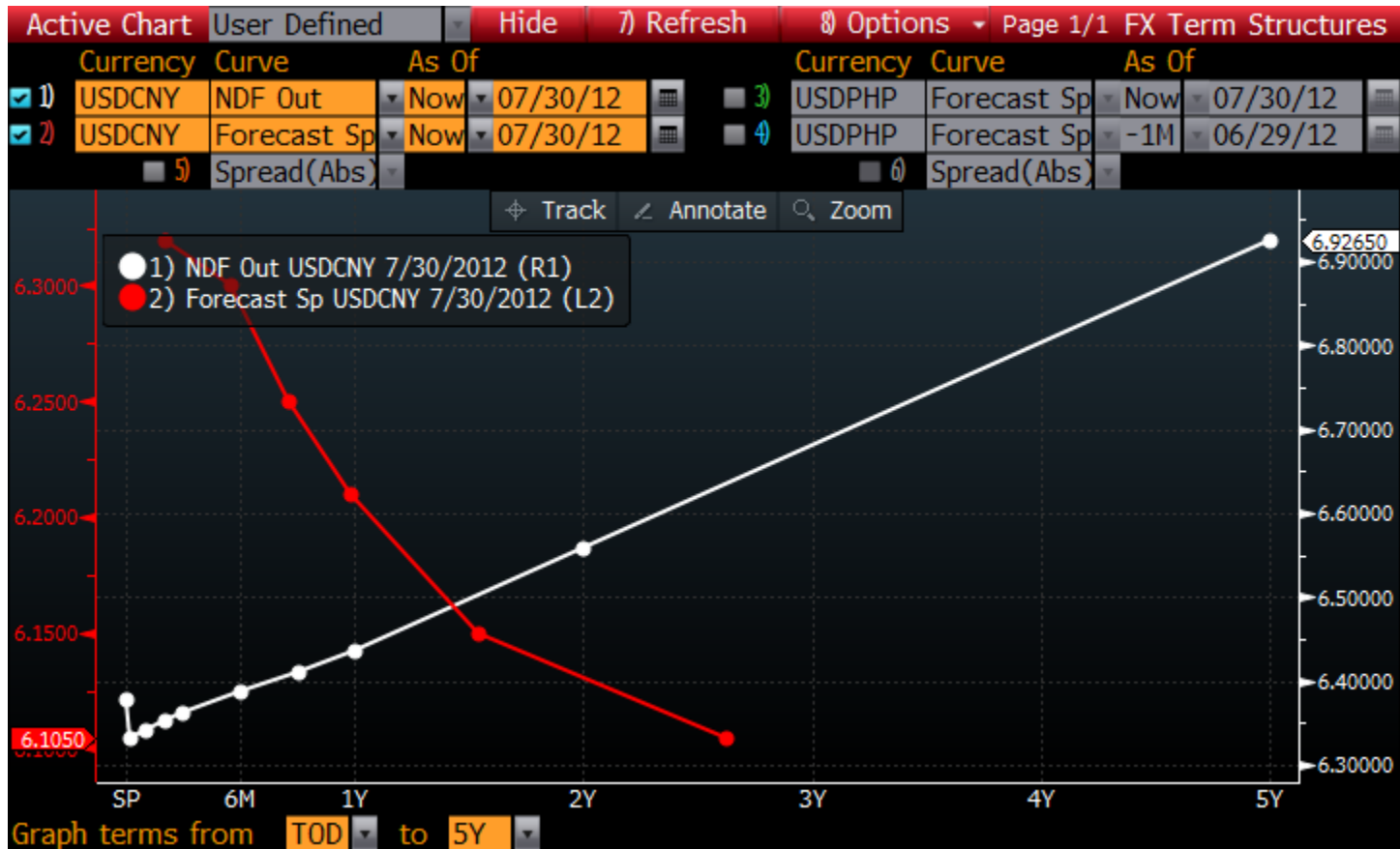
Philippines' weekly foreign portfolio investments

	July 13	July 6	June 29	June 22	June 15	June 8	YTD
	----- Mln USD -----						
Net	\$129.3	\$325.4	\$46.9	\$25.1	-\$26.2	-\$54.0	\$1,325.7
Inflows	\$375.5	\$588.6	\$316.8	\$381.5	\$187.6	\$293.7	\$9,211.8
Outflows	\$246.2	\$263.2	\$269.9	\$356.4	\$213.8	\$347.6	\$7,886.1
	----- Week-on-week level change -----						
Net	-196.1	278.5	21.8	51.3	27.8	-152.1	n/a
Inflows	-213.1	271.8	-64.7	193.9	-106.1	-29.6	n/a
Outflows	-17.0	-6.7	-86.5	142.6	-133.9	122.5	n/a

Source: Philippine Central Bank, Bloomberg News

FX Market Developments

NDF market pricing in CNY depreciation



Myanmar Kyat floated on 1 Apr 2012 after a 35-year fix

USDMMK Spot Exchange Rate - Price of 1 USD in MMK				FX Spot Rate Description	
United States Dollar The US dollar is the official currency of the United States of America. The spot rate is by convention always equal to one. This is the value against which all other spot rates are measured.		USD 		Myanmar Kyat The Myanmar kyat is the official currency of the Union of Myanmar (formerly Burma). The conventional market quotation is the number of kyats per US dollar.	
Region North America 1) More Details Country United States Area 3,787,425 Capital Washington, DC Population 313.61M		Region Asia 6) More Details Country Myanmar (Bur... Area 261,228 Capital Rangoon Population 50.50M		7) Economic Releases 9) Settlement Calendar 8) Economic Statistics	
2) Economic Releases 4) Settlement Calendar 3) Economic Statistics 5) Central Bank Portal		Security			
Ticker MMK BBGID BBG0013HFQ02 Source CMPN - Composite(NY) Settlement Date May 29, 2012 Day Count ACT/365 Trading Hours 17:00 - 16:59 History Since 08/16/94		FX Spot Rate Analytics 11) ALLQ All Quotes 12) BFIX Bloomberg FX Fixings 13) XDSH Major Currency Spot Rates 14) FXFC FX Analyst Forecast 15) FXFM FX Forecast Model 16) XDF FX Pricing Defaults 17) FXTF Related Instruments			

Myanmar Kyat floated on 1 Apr 2012 after a 35-year fix

