

Advancing Asian Capital Markets Amidst Uncertainty

21st Asia Securities Forum
21 November 2016
Conrad Hotel, Pasay City

DIWA C. GUINIGUNDO
Deputy Governor
Monetary Stability Sector



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Rational inattention?

UK Brexit Referendum



	Remain	Leave
June 23, 2016 FT Poll of Polls	48.0%	46.0%
Actual Results	48.1%	51.9%

US Presidential Elections

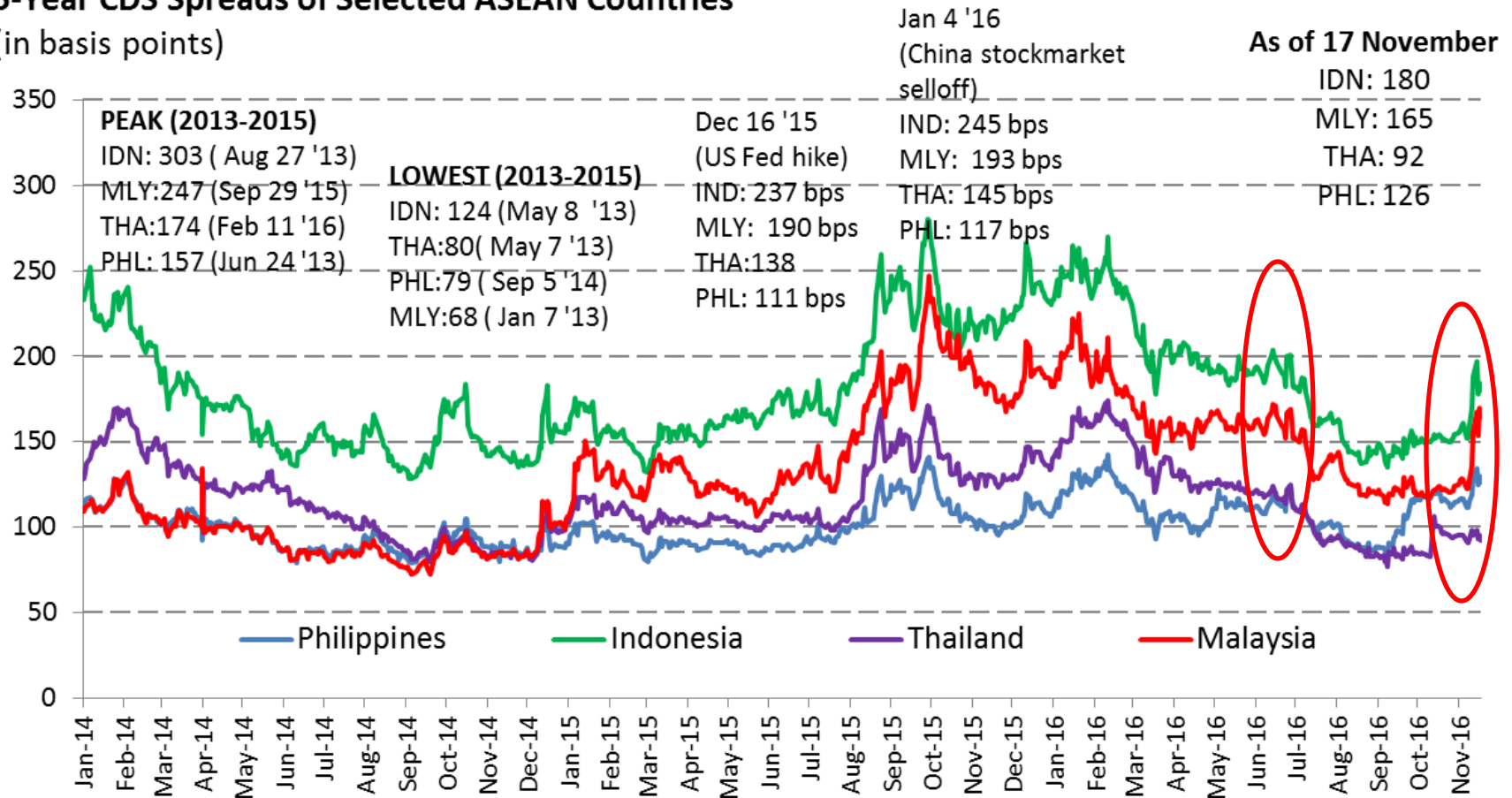


	Clinton	Trump
Nov 7, 2016 Fivethirtyeight.com	48.5% (302)	44.9% (235)
Actual Results As of 17 Nov	47.9% (232)	47.1% (290)

Heightened volatility

- Increased cost of risk-taking

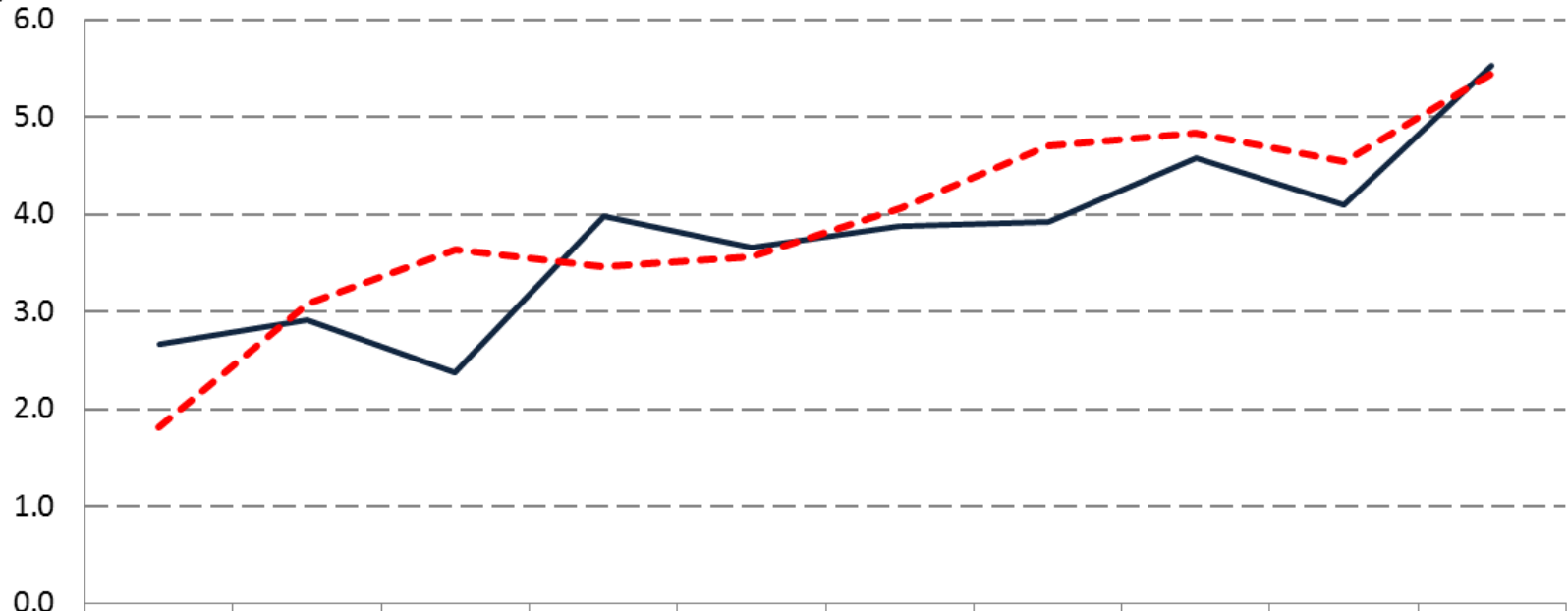
5-Year CDS Spreads of Selected ASEAN Countries
(in basis points)



Hesitant risk-taking

Secondary Market Yield Curve of Philippine Gov't Securities

(in percent)



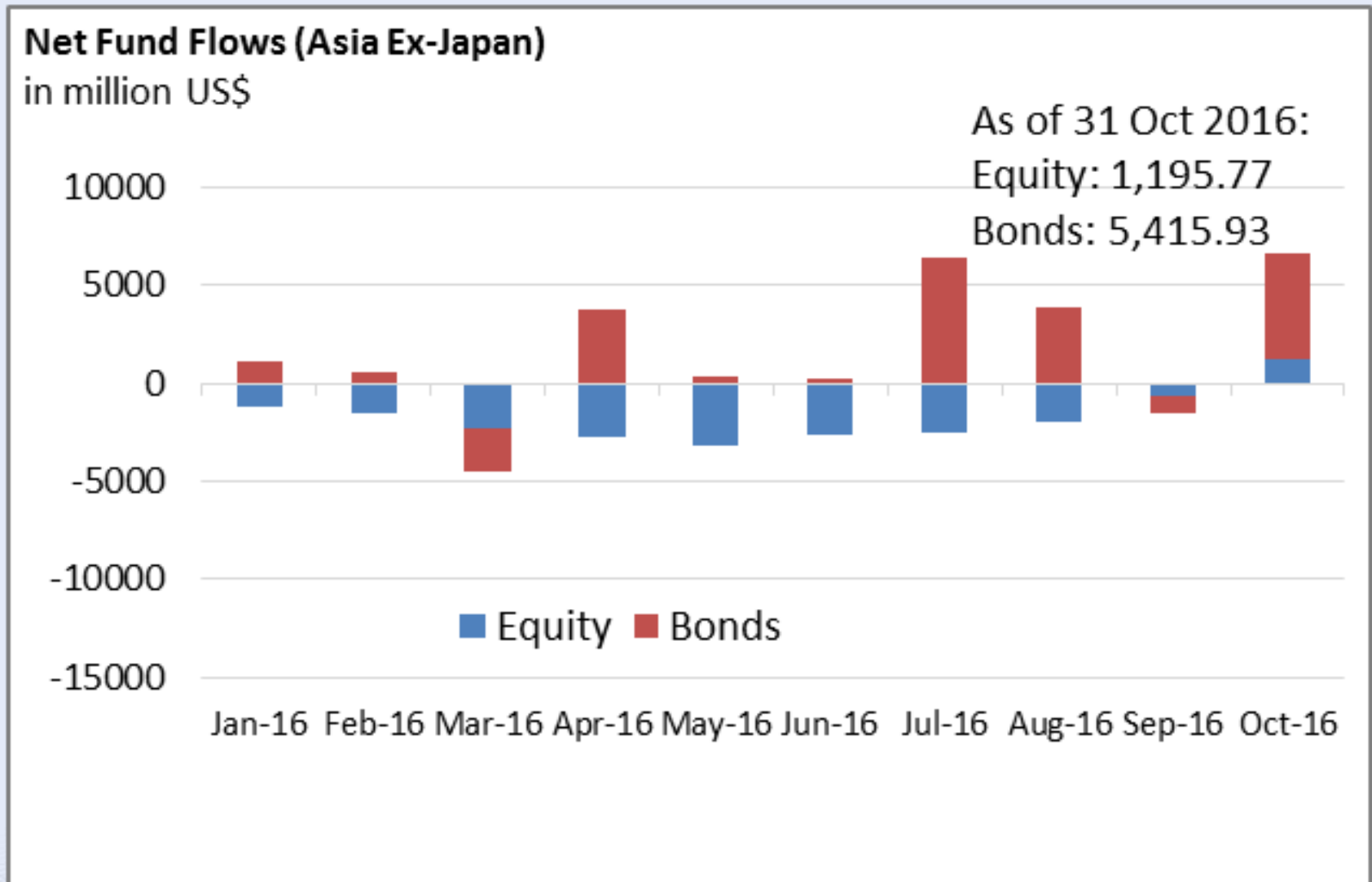
	3M	6M	1Y	2Y	3Y	4Y	5Y	7Y	10Y	20Y
12/31/2015	2.67	2.92	2.37	3.98	3.66	3.88	3.93	4.59	4.10	5.52
11/18/2016	1.82	3.08	3.64	3.46	3.57	4.06	4.70	4.83	4.54	5.45

Source: Bloomberg



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Rebound in capital inflows



Source: EPFR



Pursuing the Asian capital market development agenda



- Seize abundant opportunities for growth
- Focus on macroeconomic fundamentals
- Enhance market standards
- Upgrade market infrastructure



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