

# Daily Matters

October 6, 2015

## MARKET INDICATORS

As of October 5, 2015

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,961.93	111.32	1.62%
Dow Jones	16,776.43	304.06	1.85%
S&P 500	1,987.05	35.69	1.83%
NASDAQ	4,781.26	73.48	1.56%
MSCI Asia ex-Japan	498.47	7.78	1.59%
MSCI Emerging Market	821.26	17.16	2.13%
5 Yr FXTN	3.49	-	
10 Yr US Treasury	2.06	6 bps	
USD/PHP	46.45	-0.29	-0.62%

Source: Bloomberg

## NEWS IN THE PHILIPPINES

### Gross Non-Performing Loans Ratio Rises Marginally in July

- Bangko Sentral ng Pilipinas (BSP): In a report, the BSP showed that gross non-performing loans (NPL) ratio of universal and commercial banks rose marginally in July to 1.90% of the banks' total loan portfolio (TLP) from 1.84% in June. In addition, major banks have maintained substantial reserves for potential credit losses at 140.15% of gross NPLs. The BSP reassured that the industry's gross NPLs remained manageable across various economic sectors.

### Local Bond Market

- The yield of the benchmark 5-year bond was unchanged at 3.49%.
- On the local fixed income space, yields were down by an average of 5.25 basis points across the curve after the release of disappointing US jobs report and amid expectations of sustained benign domestic inflation. The short-end of the curve declined by an average of 18.8 basis points. Meanwhile, the belly and long-end of the curve increased by an average of 2.2 and 0.3 basis points, respectively.

### Philippine Stocks

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- The local equities rebounded, tracking the regional strength, after oil prices rose and US jobs data came in weaker than expected. The PSEi gained 111.32 points, or +1.62%, to close at 6,961.93.

## Philippine Peso

- The Peso strengthened relative to the US Dollar yesterday, rebounding markedly as investors priced in the disappointing US non-farm payroll jobs report for September and on slowly resuming foreign buying interest in local financial markets. The USD/PHP pair fell 29 centavos, or -0.62%, to close yesterday's trading at the 46.45 level.

## NEWS AROUND THE WORLD

### US Services PMI Lower MoM; US ISM Print Weaker for September

- Markit Economics: Growth in the US service sector slowed with services PMI print coming in at 55.1 for the month of September. This was lower than prior month reading of 56.1 and consensus estimates of 55.8. New orders and production expanded but slowed slightly while growth in employments was reported to be robust.
- US Institute for Supply Management (ISM): ISM non-manufacturing index was reported at 56.9 in September, weaker than prior month's 59.0 and consensus forecasts' 58.0. The reason was attributed to the slowing of new orders and business activity after an extraordinarily strong performance in previous months. Nonetheless, the survey's employment index increased by 2.3 points to 58.3.

### US Stock Market

- US stocks were up, with major indexes gaining close to 2%, as commodity-related companies and multinationals that benefit from a weaker dollar rallied. This was mainly due to expectations that the Fed rate hike will be delayed given weaker-than expected employment data, which pushed the dollar lower. The Dow Jones Industrial Average and S&P 500 gained 1.85% and 1.83% to close at 16,776.43 and 1,987.05, respectively. The tech-rich Nasdaq likewise added 73.48 points or 1.56% to close at 4,781.26.

### Asian Stocks

- Asian equity markets were higher Monday after a weak US jobs report fueled speculation that the world's number one economy is not ready for an interest rate rise any time soon. The MSCI Asia-Ex Japan Index leaped 1.59% or 7.78 points to close at 498.47.

### Emerging Market Stocks

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- Emerging market stocks rose more than 2 percent on Monday to two-week highs as markets priced in a delay to U.S. interest rate rises. The MSCI Emerging Markets Index increased by 2.13% or 17.16 points to close at 821.26.

Sources: Bloomberg, Briefing.com, Business World, CNN, Inquirer, PhilStar, Reuters, WSJ

Prepared by:

**ATR Asset Management**

Tel: +63 (2) 8481381; Fax: +63 (2) 8410315

Website: [www.atram.com.ph](http://www.atram.com.ph)



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