

Daily Matters

October 7, 2015

MARKET INDICATORS

As of October 6, 2015

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,055.49	93.56	1.34%
Dow Jones	16,790.19	13.76	0.08%
S&P 500	1,979.92	-7.13	-0.36%
NASDAQ	4,748.36	-32.90	-0.69%
MSCI Asia ex-Japan	502.23	3.76	0.75%
MSCI Emerging Market	828.68	7.42	0.90%
5 Yr FXTN	3.49	-	-
10 Yr US Treasury	2.03	-2 bps	-
USD/PHP	46.44	-	-

Source: Bloomberg

NEWS IN THE PHILIPPINES

CPI Hits New Low for September

- Philippine Statistics Authority (PSA): The country's consumer price index rose 0.4% in September, softer than consensus estimates of 0.6%, bolstering views that the BSP's key policy rates will be left unchanged for the rest of the year. The increase in inflation was mainly from tobacco and alcoholic beverage prices. Meanwhile, utility, transport, and fuel costs slowed as global commodity prices remained benign. However, the BSP expects inflation to move closer to its target next year due to the impact of a stronger and protracted El Nino on rice prices.

Local Bond Market

- The yield of the benchmark 5-year bond was unchanged at 3.49%.
- The local fixed income space saw cautious trading as market players looked to lock-in gains for the month and take advantage of the recent rally in government securities. Yields were down across the curve, led by the short-end, which fell as much as 22.8 basis points. Meanwhile, the belly and the long-end of the curve fell 11.3 and 1.5 basis points, respectively.

Philippine Stocks

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- The local equities continued to rally as speculations of a delayed liftoff until next year rose after various economic data from the US disappointed. The PSEi gained 93.56 points, or +1.34%, to close at 7,055.49.

Philippine Peso

- The Peso traded flat relative to the US Dollar today, hardly appreciating despite the US Markit PMI (non-manufacturing and service) miss for September, and the regional rally on renewed, slightly risk-on sentiment following expectations of a 2016 Fed lift-off. The USD/PHP pair closed the day unchanged at 46.44.

NEWS AROUND THE WORLD

US Trade Deficit Expands in August

- US Commerce Department: The data released on Tuesday illustrates the U.S. economy's vulnerabilities to a strong dollar and weak demand in foreign markets, which could impose further caution on the Federal Reserve's plans to hike interest rates. The trade deficit swelled by 15.6 percent to \$48.3 billion in August, according to data that is adjusted for seasonal factors. The scope of the increase was accentuated by the unusually narrow trade deficit registered in July.

US Stock Market

- US equities ended mixed as gains in energy stocks were offset by weakness in biotech shares. The Dow Jones Industrial Average edged up 13.76 points to 16,790.19 while the S&P 500 declined 7.13 points to 1,979.92. The tech-rich Nasdaq closed down 32.90 points or 0.69% to 4,748.36.

Asian Stocks

- Most Asian equities extended gains into a second session on Tuesday following another U.S. rally, while investors kept an eye on the region's central banks. Markets in China remain closed until Wednesday for National Day holidays. The MSCI Asia-Ex Japan Index added 0.75% or 3.76 points to close at 502.23.

Emerging Market Stocks

- Emerging market stocks extended a four-day rally on Tuesday, but currencies weakened as commodity prices came under pressure and investors worried about the health of the global economy. The MSCI Emerging Markets Index increased by 0.90% or 7.42 points to close at 828.68.

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

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