

Daily Matters

October 8, 2015

MARKET INDICATORS

As of October 7, 2015

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,108.80	53.31	0.76%
Dow Jones	16,912.29	122.10	0.73%
S&P 500	1,995.83	15.91	0.80%
NASDAQ	4,791.15	42.79	0.90%
MSCI Asia ex-Japan	515.82	13.59	2.71%
MSCI Emerging Market	850.78	22.10	2.67%
5 Yr FXTN	3.49	-	
10 Yr US Treasury	2.07	4 bps	
USD/PHP	46.23	-0.21	-0.45%

Source: Bloomberg

NEWS IN THE PHILIPPINES

World Bank Cuts PH Growth Projections Until 2017; Excise Tax Collections on Sin Products Up YoY; GIR Inched Higher

- World Bank reported lower projections on Philippine economic growth until 2017 as GDP growth slowed down due to government underspending and major effect of a stronger El Nino which pulls down farmer's revenue and weakens exports, although still seen stronger compared to others in Asia Pacific. Report said, had the government spent as planned, the Philippine economy could have been at 8.5% growth instead of 6.1% as Government spending historically contributes 20% to GDP. However, recovery is expected next year as government spending is projected to catch up, with election-related expense to lift public disbursements.
- Bureau of Internal Revenue (BIR): Latest data from BIR showed that excise taxes collected from "sin" products, tobacco and alcohol, climbed 27.3% to Php11.9 billion against August last year's Php9.3 billion. Collections from cigarettes grew by 31.4%, and collections from alcoholic products increased by 17.7%. Total excise tax collection for the year totaled Php77.6 billion, up 18.5% from Php65.4 billion collected within the same period last year.
- Bangko Sentral ng Pilipinas (BSP): BSP Report showed that the country's gold and currency reserves, measured by the gross international reserves (GIR), inched higher at end-September to stand at US\$80.31 billion, from the US\$80.26 billion recorded the prior month. In the same month last year, GIR was reported to be at US\$79.56 billion only. The

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increase was attributed to the BSP's foreign exchange operations and its income from investments abroad. Foreign investments comprised bulk of the total reserves at US\$70.59 billion while foreign exchange holdings and gold accounted to the remaining US\$1.08 billion and US\$7.01 billion, respectively.

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

- The local equities continued its winning streak after oil prices went up by more than 4%. The PSEi gained 53.31 points, or +0.76%, to close at 7,108.8.

Philippine Peso

- The Peso traded flat with an upward bias relative to the US Dollar yesterday on yet another disappointing US economic result. The US trade deficit widened USD 930 Mn. above the consensus figure of USD 47.4 Bn. Foreign selling on the part of local exports before the greenback weakened any further set the bearish tone. The USD/PHP pair fell 21 centavos, or -0.45%, to close yesterday's trading at the 46.23 level.

NEWS AROUND THE WORLD

US Consumer Debt Up; Germany Industry Output Falls MoM

- US consumer debt went up at a slower pace last August as outstanding consumer credit went up by just 5.6% YoY to US\$16 billion. This was lower than the market estimate of US\$19.5 billion. Revolving credit (which consist mostly of credit cards) went up by 5.3% YoY while non-revolving credit (mostly auto or student loans) rose by 5.7% YoY, the lowest growth since July 2012.
- For the month of August, industrial production in Germany declined by 1.2% MoM compared to market expectation of a 0.2% gain. This completely erased the upwardly revised 1.2% increase in July. On a per industry basis, production of capital goods fell by 2.1% and consumer goods slipped 0.4%.

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 13.29 points to 16,789.72 while the

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S&P 500 declined 7.12 points to 1,979.93. The tech-rich Nasdaq added 42.79 points to 4,791.15.

Asian Stocks

- Asian stocks climbed, with the regional benchmark index heading for its highest close in six weeks, as energy shares advanced with oil headed for its longest rally in almost six months. The MSCI Asia-Ex Japan Index gained 2.71% or 13.59 points to close at 515.82.

Emerging Market Stocks

- Emerging market stocks extended their rally into a sixth day on Wednesday, reaching seven-week highs, and currencies strengthened against the dollar on expectations U.S. rate rises would be delayed into 2016. The MSCI Emerging Markets Index increased by 2.67% or 22.10 points to close at 850.78.

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



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