

# Daily Matters

October 27, 2016

## MARKET INDICATORS

As of October 26, 2016

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,494.41	-85.81	-1.13%
Dow Jones	18,199.33	30.06	0.17%
S&P 500	2,139.43	-3.73	-0.17%
NASDAQ	5,250.27	-33.13	-0.63%
MSCI Asia ex-Japan	548.25	-5.04	-0.91%
MSCI Emerging Market	910.58	-7.67	-0.84%
5 Yr FXTN	3.94	1 bp	
10 Yr US Treasury	1.79	4 bps	
USD/PHP	48.35	0.11	0.22%

Source: Bloomberg

## NEWS IN THE PHILIPPINES

### PH Inflation Likely To Have Picked Up Further

- Despite rising oil prices, monetary officials remain confident that inflation in the next two years will exceed the government's target of 2% to 4%. The international market now prices oil at above \$50 per barrel. Domestic inflation has been low through the recent years and is a driver of the strong expansion of the domestic economy. Last September, price rate increases reached within the target level of 2.3%. The central bank forecasts 2016 inflation to average at 1.7%, 2.9% for 2017, and 2.6% for 2018.

### Local Bond Market

- The yield of the benchmark 5-year bond added 1 bp at 3.94.
- In the local fixed income space, prices of government securities marginally fell as sentiment due to some profit taking as investors waited on the sidelines for US 3rd quarter GDP data. Yields fell by an average of 9.48 bps, with the short-end, belly, and long-end of the curve declining by 4.2 bps, 19.0 bps, and 0.6 bps, respectively.

### Philippine Stocks

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- The local equities market sank, falling below the 7,500-level, ahead of several market-moving events such as the US elections, the Fed meeting and the local corporate earnings releases. The PSEi lost 85.81 points, or -1.13% to close at 7,494.41.

### **Philippine Peso**

- The Peso weakened against the US dollar despite statements from the BSP suggesting soundness in the banking system as profit-taking on peso holders intensified. The USD / PHP pair fell by 11 centavos or 0.22%, closing at 48.35.

## **NEWS AROUND THE WORLD**

### **US New Home Sales Rise in September; US International Trade Deficit at \$56.1B in September**

- US Commerce Department: New home sales in September rose 3.1% to 593,000 following a decline in August. Year-on-year, sales were up 30%. Nonetheless, there were sharp downward revisions to the August number (575,000 from 609,000) and July (629,000 from 629,000). It was also reported that prices rose 6.7% for the month to a median of US\$313,500.
- US trade deficit in goods narrowed sharply in September to US\$56.1 billion compared to US\$59.2 billion in August. Exports in September rose 0.9%, driven by capital goods which increased 3.8%. Exports of consumer goods likewise rose by 4.4% and industrial supplies were up 2.3%. In contrast, imports fell 1.1%. Despite this, auto sales still rose 4.3%.

### **US Stock Market**

- US stocks were mixed with the S&P 500 falling due to the collapse of Apple Inc. while the Dow Jones rose as Boeing Inc. reported robust earnings. The Dow Jones Industrial Average gained 30.06 points, or +0.17%, to 18,199.33 while the S&P 500 lost 3.73 points, or -0.17%, to 2,139.43. The Nasdaq Composite dropped 33.13 points, or 0.63 percent, to 5,250.27.

### **Asian Stocks**

- Asian markets fell yesterday, in line with those in Wall Street as disappointing earnings and economic reports weigh down investor sentiment. The MSCI Asia-Ex Japan Index declined 5.04 points or 0.91% to close at 548.25.

### **Emerging Market Stocks**

- Most emerging market stocks retreated as Brazilian consumer companies slumped on prospects for a slower-than-expected reduction in borrowing costs, outweighing gains in commodity producers from South Africa to China. The MSCI Emerging Markets Index

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decreased 7.67 points or 0.84% to 910.58.

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

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