

Daily Matters

October 11, 2016

MARKET INDICATORS

As of October 10, 2016

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,534.71	-43.58	-0.58%
Dow Jones	18,329.04	88.55	0.49%
S&P 500	2,163.66	9.92	0.46%
NASDAQ	5,328.67	36.26	0.69%
MSCI Asia ex-Japan	557.87	0.81	0.15%
MSCI Emerging Market	918.68	3.87	0.42%
5 Yr FXTN	3.77	3 bps	
10 Yr US Treasury	1.72	-	
USD/PHP	48.33	0.07	0.15%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Net FDI Poised to Meet Target

- Bangko Sentral ng Pilipinas (BSP): Net Foreign Direct Investments (FDI) recovered to a three-month high in July, just a month after the new administration came into office. Net FDI reached a \$503 million inflow for the month, far exceeding the \$238 million seen in June and 7% above the \$470 million recorded during the same month last year. The figure is the highest since the \$2.244 billion net inflow recorded in April and brings the year-to-date tally just \$1.305 billion shy of the central bank's \$6 billion target for 2016.

Local Bond Market

- The yield of the benchmark 5-year bond closed 3 bps higher at 3.77%.
- The yields of bonds mostly gained with 7 yields rising and 4 falling.

Philippine Stocks

- The Philippine Stock Market weakened as investors pulled out funds after President Duterte's anti-US rhetoric dimmed the outlook of the country's long term alliance with the world's largest economy. The Philippine Stock Exchange index (PSEi) lost 0.58% or 43.58

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points to close at 7,534.71. Market breadth was negative with 103 losers, 60 winners, and 53 names unchanged.

Philippine Peso

- The peso depreciated against the greenback as investors stayed on the sidelines ahead of the US Federal Reserve's policy meeting on Thursday. The local currency closed 0.15% or 7 cents higher at 48.33.

NEWS AROUND THE WORLD

China Bares Guidelines on Debt-to-Equity Swaps Between Banks and Companies

- China State Council: China's cabinet unveiled a controversial loan-relief program that may help ease the debt burden of companies but may leave banks illiquid. The economic slowdown has made it difficult for companies to service its mounting debts following the government's encouragement to borrow in order to spur economic growth. The plan will allow companies to exchange equity stakes for debt forgiveness. According to the guidelines, only companies with good prospects that are experiencing temporary problems will qualify for the program. The government will also not force banks to swap debt for equity.

US Stock Market

- US stocks advanced, with the energy sector leading gains, as investors cheered the possibility of an agreement to cut oil production. (Dow Jones 18,329.04 0.49%; NASDAQ 5,328.67 0.69%; S&P 500 2,163.66 0.46%)

Asian Stocks

- Asian markets hovered near 15-month highs, boosted by energy shares, on optimism that a deal will be reached to limit crude oil output. The MSCI Asia-Ex Japan Index rose 0.15% or 0.81 points to close at 557.87.

Emerging Markets

- Emerging market stocks were lifted by the decreased likelihood that Republican nominee Donald Trump could sit at the Oval office after November's elections. The MSCI Emerging Markets Index jumped 0.42% or 3.87 points to close at 918.68.

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

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