

# Daily Matters

October 11, 2016

## MARKET INDICATORS

As of October 11, 2016

| Index/ Bond          | Index Level/Yield | DoD Change | DoD % Change |
|----------------------|-------------------|------------|--------------|
| PSEi                 | 7,520.82          | -13.89     | -0.18%       |
| Dow Jones            | 18,128.66         | -200.38    | -1.09%       |
| S&P 500              | 2,136.73          | -26.93     | -1.24%       |
| NASDAQ               | 5,246.79          | -81.88     | -1.54%       |
| MSCI Asia ex-Japan   | 551.35            | -6.52      | -1.17%       |
| MSCI Emerging Market | 905.57            | -13.11     | -1.43%       |
| 5 Yr FXTN            | 3.80              | 3 bps      |              |
| 10 Yr US Treasury    | 1.76              | 5 bps      |              |
| USD/PHP              | 48.69             | 0.36       | 0.74%        |

Source: Bloomberg

## NEWS IN THE PHILIPPINES

### August Trade Deficit Narrows; Factory Output Gains 13.5% in August

- Philippine Statistics Authority (PSA): Preliminary data showed that the country narrowed its trade gap in August to reach a three month low as exports slumped. Exports declined for the 17<sup>th</sup> straight month in August, though the 4.4% drop was below the 11.4% and 13% recorded during June and July, respectively. Imports continued to rise, with inbound shipments surging by 12.2% to \$6.927 billion in August resulting to a trade deficit of \$2.023 billion for the month. The latest figure is above the \$1.048 billion trade gap seen during the same period last year but is still the narrowest since May 2016.
- PSA: The Philippine manufacturing industry continued to ramp up production in August despite lingering uncertainties in global demand. Factory output rose 13.5% in August, led by machinery and followed by basic metals. The National Economic Development Authority (NEDA) attributed the growth to the sustained production of capital goods and the increased volume of export-oriented products.

### Local Bond Market

- The yield of the benchmark 5-year bond closed 3 bps higher at 3.80%.
- The yields of bonds rose across the board, led by a 51 bps gain in the 2-year yield.

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## Philippine Stocks

- The Philippine Stock Market tumbled as political noise continued to dampen investor sentiment in the country. The Philippines bucked a regional trend that was boosted by sustained oil prices. The Philippine Stock Exchange index (PSEi) shed 0.18% or 13.89 points to close at 7,520.82. Market breadth was positive with 96 gainers, 78 losers, and 51 names unchanged.

## Philippine Peso

- The peso extended its slide to reach a fresh seven-year low against the greenback. The local currency closed 0.74% or 36 cents higher at 48.69.

## NEWS AROUND THE WORLD

### Japan Posts Large Current Account Surplus

- Japan Finance Ministry: Japan lodged its largest current account surplus for the month of August since 2007, as the trade balance improved due to lower import prices. The current account surplus, the broadest measure of Japan's trade with the rest of the world, stood at ¥2.001 trillion prior to seasonal adjustment, up 23% from a year earlier and wider than the ¥1.558 trillion expected gap. This is the 26<sup>th</sup> consecutive month that the current account ended at a surplus.

### US Stock Market

- US stocks weakened the most in nearly a month after the release of disappointing results of an aluminum giant weighed on the broader market. (Dow Jones 18,128.66 -1.09%; NASDAQ 5,246.79 -1.54%; S&P 500 2,136.73 -1.24%)

### Asian Stocks

- Asian markets slid on the prospects of rising US interest rates and a debt-for-equity swap in China that could hit bank profits. The MSCI Asia-Ex Japan Index retreated 1.17% or 6.52 points to close at 551.35.

### Emerging Markets

- Emerging market stocks lost the most this month on increased speculation that the US Federal Reserve will hike interest rates this year. All 11 industry groups in the index fell, led by information technology and consumer discretionary shares. The MSCI Emerging Markets Index plunged 1.43% or 13.11 points to close at 905.57.

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

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