

Daily Matters

October 19, 2016

MARKET INDICATORS

As of October 18, 2016

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,571.15	212.94	2.89%
Dow Jones	18,161.94	75.54	0.42%
S&P500	2,139.60	13.1	0.62%
Nasdaq	5,243.84	44.02	0.85%
MSCI Asia ex-Japan	549.13	7.6	1.40%
MSCI Emerging Market	908.55	13.84	1.55%
5Yr FXTN	3.91	12bps	
10 Yr US Treasury	1.74	3bps	
USD/PHP	48.18	-0.4	-0.82%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Moody's raises PHL growth forecast

- MOODY's Investors Service has raised its growth forecast for the Philippines in the face of strong a domestic demand and a "well-defined" reform agenda. They expect the country's economy to expand by 6.5% this year as well as in 2017. If realized, these would pick up from a 5.9% pace clocked in 2015.
- The strength of demands and services exports will definitely give a strong cushion to merchandise trade and remittance growth over the next 1-2 years.

Local Bond Market

- The yield of the benchmark 5-year bond finished at 3.91% with a huge 11.97 bps gain.
- The yields of bonds were fairly mixed with 5 yields rising and 6 yields falling.

Philippine Stocks

- The Philippine Stock Market recovered above the 7,500 level due to Moody's growth projection of the country as "political risks have become less predictable". The Philippine Stock Exchange index jumped 212.94 points or 2.89% to end 7,571.15.

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Philippine Peso

- The local Philippine peso rebounded against the US dollar yesterday, tracking mostly stronger Asian currencies. Another reason is that due to the comments made by Moody's as it affirmed the Philippines' credit ratings, quoting that "our economic fundamentals are still strong". The peso finished off at Php 48.18.

NEWS AROUND THE WORLD

US CPI Rises 0.3% in September, 1.5% YoY

- The Bureau of Labor Statistics had confirmed that the US Consumer Price Index (CPI) before seasonal adjustment showed inflation rising at a rate of 1.5% over the past year. The "core" rate was 2.2% in September on a Y-O-Y basis compared to August reading of 2.3% and on M-O-M, CPI gained 0.1% in September and 0.2% estimate in August.
- The main reason of the increase was due to an increase in gasoline at 5.8% and shelter at 0.4%.

US Stock Market

- Stocks close higher on better-than-expected earnings as all indices were on the green as series of positive earnings were reported. (Dow Jones 18,161.94 0.42%; NASDAQ 5243.84 0.85%; S&P 500 2,139.60 0.62%)

Asian Stocks

- Asian stocks gained after yesterday's trade as weak economic data from the U.S. prompted traders to dial back expectations that the Fed Reserve would raise interest rates in December. The MSCI Asia-Ex Japan Index is at 1.40% or 7.6 points at 549.13.

Emerging Markets

- Emerging Markets made solid gains and became more cautious on comments from a senior U.S. central banker and stronger commodity prices fueled investors' risk appetite. The MSCI Emerging Markets Index finished off at 1.55% or 13.84 points at 908.55.

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

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