

## Local

- The local equities market retreated as crude oil prices stumbled since an expected agreement on production freeze of OPEC and non-OPEC members did not pan out. The PSEi index lost 77.90 points or -1.06%, closing at 7,243.40. All indices ended in red led by properties (-1.93%) and services (-1.39%). Market breadth was negative with 126 declines outnumbering 52 advances while 49 issues were unchanged. Total value turnover is at Php5.31 billion. Foreigners were net buyers at Php186.46 million.
- In a report from the Department of Budget and Management (DBM), it showed that infrastructure spending of the government in 2015 was up 20.2%, reaching Php436 billion, but below target of Php546.7 billion. This was lower than initially reported Php595.78 billion due to the adjustments from the General Appropriations Act (GAA). DPWH remained to be the top spender at Php210.87 billion, 71.2% higher than in 2014. In 2016, the government plans to spend Php760 billion for infrastructure spending, equivalent to 5% of GDP.
- San Miguel Corp.'s (PSE ticker: SMC) SMC Global Power is raising Php15 billion from the sale of fixed-rate bonds with tenors of five, seven and ten years. Proceeds from the bond issuance will be used to refinance its short-term loans worth US\$300 million maturing this year. SMC has been actively raising funds from the capital markets to refinance its obligations. It has secured the approval of the SEC to sell up to Php73 billion worth of preferred shares over the next three years. The initial Php30 billion was just raised last month.
- For the local fixed income space, yields climbed as investors reacted to lower oil prices and geared up for tomorrow's 7-year auction. Yields increased by an average of 6.47 basis points led by the belly and long-end of the curve, increasing by 18.1 and 9.7 basis points, respectively. Meanwhile, the short-end of the curve declined by 10.5 basis points.
- The Peso traded sideways with a downward bias vis-a-vis the US Dollar despite the poor US industrial and consumer sentiment data released at the end of last week. The greenback likely strengthened on renewed safe haven demand following the sharp decline in crude oil prices past the weekend, given the failure of the Doha talks to produce a binding freeze agreement on the production of crude oil. The USD/PHP pair rose 9.0 centavos, or +0.20%, to close today's trading at the 46.15 level.

## US and Europe

- US equities rallied on Tuesday, with the Dow breaching the 18,000 level for the first time since July, as earlier fears on the economy slowly faded and prices of oil settled slightly lower overnight. Energy stocks, in particular, led all the other sectors in gains. The Dow Jones Industrial Average index gained 106.70 points, or +0.60%, to 18,004.16 and the S&P500 index rose 13.61 points, or +0.65%, to 2,094.34.
- According to New York Fed President William Dudley, a permanent voter on rates, US economic conditions are "mostly favorable", but the Fed remains cautious in raising rates due to looming threats. He reiterated that "policy adjustments are likely to be gradual and cautious, as we continue to face significant uncertainties and the headwinds to growth from the financial crisis have not fully abated." Further, he was confident that inflation would rise to a 2% goal over the next few years, and that "economic conditions have finally warranted the beginning of US monetary policy normalization.
- For the month of April, the NAHB survey was unchanged at 58, coming out modestly below expectations. The homebuilder's survey remains at a solid level, but has cooled off in recent months following the peak of 65 seen last October. While the homebuilder survey has been losing steam over the past few months, separate data on mortgage purchase applications has been strengthening.
- US Treasury prices fell, following statements from New York Fed President William Dudley that economic news from the US was "mostly favorable", and that Europe's growth outlook appeared to be improving. The 2- and 10-year benchmark yields increased 1 and 2 basis points to 0.7414% and 1.7711%, respectively.
- European equities initially tanked on morning trading as investors reacted to the failure of major producers to agree to a deal on freezing production at their meeting in Doha, Qatar on Sunday. However, towards the end of the day, bargain-hunting ensued and stocks managed to end slightly higher. The FTSEurofirst 300 index inched up or 0.36% to close at 1,355.26.
- The US Dollar traded sideways with a slight downward bias vis-a-vis the Euro past the weekend yesterday even as the sharp decline in the price of crude oil elicited a reactive sell-down of risk assets such as emerging market equities. With US home builder sentiment data proving resilient against the backdrop of lower business investment and poor consumer sentiment, markets seemed to have discounted this news in face of still-dovish commentary by senior Fed officials. The EUR/USD pair rose 0.26 US cents, or +0.23%, to close yesterday's trading at the 1.1310 level.

## **Asia Pacific**

- Asian markets closed significantly lower yesterday, mainly due to a bout of risk-off sentiment causing profit-taking after crude oil prices fell after the parties to the Doha meeting failing to cap production. The Nikkei led the under-performance with Japanese insurers and automakers sliding further than the rest owing to the expected fallout from the twin earthquake disasters and a newly resurgent Yen. Neighboring Asian bourses tracked said weakness and the ASX200, given its exposure to commodities, fared surprisingly well though still down. The Nikkei, Hang Seng, SHCOMP, CSI300 and ASX200 fell 572.08 points (-3.40%, day-on-day), 154.97 points (-0.73%, day-on-day), 44.46 points (-1.44%, day-on-day), 43.75 points (-1.34%, day-on-day) and 20.43 points (-0.39%, day-on-day), respectively, to close at 16,275.95, 21,161.50, 3,033.66, 3,228.45 and 5,137.06.

## Key Indicators

EQUITIES BENCHMARK INDICES					
	18-Apr-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,243.40	-1.06%	-0.66%	-0.87%	4.19%
MSCI World USD Index	1,675.32	0.29%	2.65%	1.81%	0.75%
MSCI All Country Asia Pacific ex-Japan Total Returns	363.10	0.34%	3.46%	1.96%	3.22%
MSCI Europe USD Index	1,497.38	0.68%	2.53%	1.16%	-1.66%
FTSEurofirst 300 Index	1,355.26	0.36%	3.60%	0.90%	-5.72%
Dow Jones Industrial Average Index	18,004.16	0.60%	2.55%	2.28%	3.32%
Standard & Poor's 500 Index	2,094.34	0.65%	2.56%	2.18%	2.47%
YIELDS AND PRICES					
	18-Apr-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.9147	0.00%	0.00%	0.50%	-0.75%
1-Year Philippine Treasury Bill Yield (PDST-R2)	1.9500	-0.45%	-0.01%	-0.18%	-0.42%
ROP2021 (Price)	110.090	(0.00)	0.05	0.32	1.68
ROP2034 (Price)	144.764	0.19	(0.06)	4.26	14.06
3-Month US Treasury Yield	0.2034	-0.02%	-0.01%	-0.08%	0.04%
2-year US Treasury Yield	0.7414	0.01%	0.04%	-0.09%	-0.31%
10-year US Treasury Yield	1.7711	0.02%	0.05%	-0.10%	-0.50%
30-year US Treasury Yield	2.5799	0.02%	0.02%	-0.10%	-0.44%
3-Month German Treasury Bill Yield	-0.601	0.00%	-0.00%	-0.07%	-0.06%
Dubai Crude Oil Spot (\$/bbl)	37.83	-3.67%	-0.13%	1.94%	17.74%
1-month Nymex oil futures (\$/bbl)	39.78	-1.44%	-1.44%	0.86%	7.40%
Gold Spot (\$/oz)	1,232.49	-0.13%	-2.02%	-1.82%	16.12%
USD/PHP (PDEX close)	46.150	0.09	0.03	(0.21)	(0.91)

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets						
		Last Trade as of April 18, 2016				
Country	Index	Value	DoD Change	% Change		
Asia Pacific	MSCI AC Asia Pacific Index	130.29	-	1.96	-	1.48
Australia	S&P/ASX 200 Index	5,137.06	-	20.43	-	0.40
China	Shanghai SE Comp Index	3,033.66	-	44.46	-	1.44
Hong Kong	Hang Seng Index	21,161.50	-	154.97	-	0.73
India	SENSEX	25,816.36	+	189.61	+	0.74
Indonesia	Jakarta Composite Index	4,865.53	+	41.97	+	0.87
Japan	Nikkei 225	16,275.95	-	572.08	-	3.40
Malaysia	KLCI	1,717.68	-	10.31	-	0.60
New Zealand	NZX 50 Index	6,851.20	+	6.46	+	0.09
Singapore	Straits Times Index	2,917.75	-	6.19	-	0.21
South Korea	KOSPI	2,009.10	-	5.61	-	0.28
Taiwan	TWSE	8,666.01	-	34.38	-	0.40
Thailand	SET Index	1,398.77	+	13.35	+	0.96

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)								
	18-Apr-16	15-Apr-16	Difference		18-Apr-16	15-Apr-16	Difference	
1 month	2.1688	2.1517	+	0.017	4 year	3.1340	3.1503	- 0.016
3 month	1.9147	1.9147		0.000	5 year	3.3592	3.3978	- 0.039
6 month	1.7712	1.7540	+	0.017	7 year	4.4567	3.6973	+ 0.759
1 year	1.9500	2.4033	-	0.453	10 year	4.7167	4.4697	+ 0.247
2 year	2.6667	3.2130	-	0.546	20 year	5.2750	5.2317	+ 0.043
3 year	3.7117	2.9653	+	0.746				

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
4/19/2016	Philippines BOP	Mar	4/19/2016	US New Privately Owned Housing Units Started by Structure Total SAAR	Mar
4/25/2016	Philippines Budget Balance Monthly	Feb	4/20/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Apr 15
4/26/2016	Philippines External Balance of Trade	Feb	4/20/2016	US Existing Homes Sales SAAR	Mar
4/26/2016	Philippines External Trade Imports YoY	Feb	4/21/2016	US Initial Jobless Claims SA	Apr 16
4/26/2016	Philippines External Trade Imports	Feb	4/26/2016	Conference Board Consumer Confidence SA 1985=100	Apr
4/29/2016	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Mar	4/26/2016	US Durable Goods New Orders Industries MoM SA	Mar P
4/29/2016	Philippines Commercial Banks Loan Outstanding Total Net YoY	Mar	4/28/2016	Federal Funds Target Rate - Upper Bound	Apr 27
			4/28/2016	GDP US Chained 2009 Dollars QoQ SAAR	1Q A
			4/29/2016	University of Michigan Consumer Sentiment Index	Apr F
			4/29/2016	US Personal Income MoM SA	Mar

Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones, The Wall Street Journal, CNBC