

## Local

- The local equities market traded flat with a slight upward bias due to mixed investor sentiment. The PSEi index increased by 48 points or 0.63%, closing at 7,677.73. All sectors were up, led by mining and oil (+1.98%) and industrial (+1.06%) sectors. Market breadth was marginally positive with 93 advances and 88 declines while 50 were unchanged. Total value turnover was Php4.88 billion. Foreigners were net buyers at Php0.50 billion.
- The Department of Environment and Natural Resources (DENR) stated that they desire for mining operators to not be affected by the latest audit in order to show their reliability in enhancing socioeconomic activity within their host communities, prior to new projects being permitted. Environment Secretary Regina Paz L. Lopez provided that they want to prove first that they are capable in doing it well as miners are currently are not performing their job as they should. Ms. Lopez also added that the agency would seek advice from the stakeholders in bestowing the supposed total economic valuation framework which will show the economic viability with regards to the mining projects.
- Alliance Global Group, Inc. (PSE Ticker: AGI) seeks to complete the plan of their second integrated casino-resort by June 2017. AGI President and Chief Operating Officer Kingson U. Sian stated that the layout would be completed within the first half of next year. In collaboration with Malaysia's Genting Group, AGI is making 31 hectares of the state-owned Entertainment City located in Parañaque into a leisure and entertainment township, to be named as Westside City.
- In the local fixed income space, prices of government securities rose as yields fell by an average of 2.24 bps. While the short and long-end of the curve declined by 16.6 bps and 0.1 bps, respectively, the belly rates increased by 8.0 bps as the supply at said tenors persists in the near term.
- The Peso strengthened against the Dollar as strong macroeconomic fundamentals begin to overcome recent negative investor sentiment brought about by political uncertainty. The USD / PHP fell by 0.32 centavos or 0.66%, closing at 48.18.

## US and Europe

- Wall Street traded sideways with a slight downward bias yesterday owing to mixed automotive and manufacturing data, as well as weaker construction spending data. The Dow Jones, S&P 500 and Nasdaq lost 54.30 (-0.30%, DoD) points, 7.07 (-0.30%, DoD) points and 11.13 (-0.20%, DoD) points, respectively, to close at 18,254, 2,161 and 5,301. Most affected sectors include property and utilities while telecommunications and industrials bucked the downward trend.
- US Treasury prices fell and the two-year UST yield touched its highest level in over a week given the apparent expansion in U.S. manufacturing sector reinforced market sentiment that Federal Reserve under-take another hike before year-end. The 2Y UST yield jumped 2.8 basis points to 0.79% while the 10-year USD yield added 2.4 basis points to 1.619%.
- US economic reporting entities posted conflicting reports with respect to industrial production in September. ISM manufacturing Purchasing Managers Index (PMI) reportedly rose to 51.5 (vs. 49.4 in August) in September, beating expectations of 50.4, while Markit reported manufacturing PMI of 51.5, lower than 52.0 (August), but still beating expectations of 51.4. US construction spending suffered a back-to-back monthly decline in August, falling 0.70% (vs. consensus of +0.30%), year-on-year, owing to lower spending for highways and schools as well as private construction.
- European stocks slightly up as investors focused on the cross border merger between fund management companies Henderson and Janus. Furthermore, support came in as the final reading of September Eurozone manufacturing activity met expectations with growth orders, output, and employment showing signs of improvement. The CAC 40 (Paris) gained 5.2 points (+0.12%, DoD) to close at 4,453.56 while the FTSE 100 (United Kingdom) gained 84.19 points (+1.22%, DoD) to close at 6,983.52.
- The US Dollar traded flat with a slight upward bias relative to the Euro yesterday as U.S. factory activity gains momentum during September. U.S. Factory activity as measured by the Institute for supply management's manufacturing PMI rose to 51.5, beating consensus expectations of 50.4, from 49.4 in August. The positive factory activity news was partially offset by the Atlanta Federal Reserve's GDP Now forecast model showing a reduction in the estimated annualized GDP forecast from 2.4% last Friday to 2.2% on the back of a surprising drop in construction spending. The EUR/USD pair fell by 0.21 US cents (-0.19%) to close yesterday's trading at the 1.1214 level.

## Asia Pacific

- Asian markets closed higher across the board on Monday, tracking similar gains in the U.S. as a settlement between the Justice Department and Deutsche Bank becomes more likely. Specifically, markets were up in Australia, Hong Kong, Indonesia, India, Japan, Taiwan, and the Philippines. Meanwhile, Malaysian and Chinese markets were closed due to Awal Muharram and National Day Holiday, respectively.

## Key Indicators

EQUITIES BENCHMARK INDICES	3-Oct-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,677.73	0.63%	0.59%	-1.66%	10.44%
MSCI World USD Index	1,725.67	0.00%	0.63%	-0.51%	3.78%
MSCI All Country Asia Pacific ex-Japan Total Returns	394.99	-1.08%	-0.05%	1.62%	12.28%
MSCI Europe USD Index	1,481.94	0.00%	0.72%	-1.38%	-2.67%
FTSEurofirst 300 Index	1,351.42	0.06%	0.98%	-2.00%	-5.99%
Dow Jones Industrial Average Index	18,308.15	0.00%	1.18%	-0.99%	5.07%
Standard & Poor's 500 Index	2,168.27	0.00%	1.03%	-0.54%	6.08%
YIELDS AND PRICES	3-Oct-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.1995	-0.39%	-0.29%	-0.05%	-1.47%
1-Year Philippine Treasury Bill Yield (PDST-R2)	1.6000	-0.41%	0.15%	-0.61%	-0.77%
ROP2021 (Price)	108.408	(0.10)	(0.40)	(1.12)	0.05
ROP2034 (Price)	145.124	(0.13)	0.20	(1.24)	14.66
3-Month US Treasury Yield	0.2638	-0.01%	0.08%	-0.06%	0.10%
2-year US Treasury Yield	0.7778	0.02%	0.04%	-0.01%	-0.27%
10-year US Treasury Yield	1.5962	0.00%	0.01%	-0.01%	-0.67%
30-year US Treasury Yield	2.3198	0.00%	-0.00%	0.04%	-0.70%
3-Month German Treasury Bill Yield	-0.798	0.00%	-0.05%	0.00%	-0.26%
Dubai Crude Oil Spot (\$/bbl)	47.63	4.98%	10.64%	13.05%	48.24%
1-month Nymex oil futures (\$/bbl)	48.66	0.87%	5.94%	9.50%	31.37%
Gold Spot (\$/oz)	1,315.63	-0.01%	-1.67%	-0.71%	23.95%
USD/PHP (PDEX close)	48.180	(0.32)	(0.07)	1.56	1.12

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets				
		Last Trade as of	October 3, 2016	
Country	Index	Value	DoD Change	% Change
Asia Pacific	MSCI AC Asia Pacific Index	139.72	0.00	0.00
Australia	S&P/ASX 200 Index	5,478.51	+ 42.59	+ 0.78
China	Shanghai SE Comp Index	3,004.70	0.00	0.00
Hong Kong	Hang Seng Index	23,584.43	+ 287.28	+ 1.23
India	SENSEX	28,206.41	+ 340.45	+ 1.22
Indonesia	Jakarta Composite Index	5,463.92	+ 99.11	+ 1.85
Japan	Nikkei 225	16,598.67	+ 148.83	+ 0.90
Malaysia	KLCI	1,652.55	0.00	0.00
New Zealand	NZX 50 Index	7,372.49	+ 11.40	+ 0.15
Singapore	Straits Times Index	2,870.49	+ 1.02	+ 0.04
South Korea	KOSPI	2,043.63	0.00	0.00
Taiwan	TWSE	9,234.20	+ 67.35	+ 0.73
Thailand	SET Index	1,489.97	+ 6.76	+ 0.46

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	3-Oct-16	30-Sep-16	Difference		3-Oct-16	30-Sep-16	Difference
1 month	1.4554	1.4196	+ 0.036	4 year	3.2946	2.8798	+ 0.415
3 month	1.1995	1.5857	- 0.386	5 year	3.6777	3.6321	+ 0.046
6 month	1.3903	1.2931	+ 0.097	7 year	3.4327	3.4483	- 0.016
1 year	1.6000	2.0107	- 0.411	10 year	3.6341	3.6455	- 0.011
2 year	2.2540	2.2855	- 0.031	20 year	4.6568	4.6482	+ 0.009
3 year	3.2768	3.2925	- 0.016				

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/4/2016	Philippines CPI All items YoY% 2006=100	Sep	10/5/2016	US Durable Goods New Orders Industries MoM SA	Aug F
10/4/2016	Philippines CPI All items MoM% 2006=100	Sep	10/5/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Sep 30
10/7/2016	Philippines Budget Balance Monthly	Aug	10/6/2016	US Initial Jobless Claims SA	Oct 1
10/7/2016	Philippines Gross Intl Reserves	Sep	10/7/2016	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Sep
10/10/2016	Philippines External Balance of Trade	Aug	10/14/2016	US PPI Finished Goods SA MoM%	Sep
10/10/2016	Philippines External Trade Imports YoY	Aug	10/14/2016	US PPI Finished Goods Less Foods & Energy SA MoM%	Sep
10/10/2016	Philippines External Trade Exports	Aug	10/14/2016	US PPI Finished Goods NSA YoY%	Sep
			10/14/2016	US PPI Finished Goods Less Foods & Energy NSA YoY%	Sep
			10/14/2016	University of Michigan Consumer Sentiment Index	Oct P
			10/14/2016	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Sep

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