

Local

- The local equities market extended declines on risk off sentiment as investors awaited for the US employment data released last Friday. The PSEi lost 40.33 points, or -0.59%, to close at 6,850.61. Most of the indices ended in red with services (-1.38%) leading the pack while only industrials (+0.48) ended in green. Market breadth was negative with 92 declines outnumbering 72 advances, while 40 issues remained unchanged. Value turnover reached Php6.34 billion. Foreign investors were buyers at Php37.8 million.
- Data from the Bureau of Treasury showed that government borrowings doubled in August this year to Php24.4 billion from Php12.2 billion last year. Both borrowings from domestic and foreign sources increased with the former rising by 42.6% while the latter grew by 46.1%. Year-to-date though, total borrowings have dropped by 43.4% to Php59.8 billion from Php105.7 billion last year. Budget deficit still stands at Php3.4 billion, way below than this year's cap of Php283.7 billion.
- SM Investments Corp. (PSE ticker: SM) earmarked Php80-100 billion for capital expenditures for next year, 2016. This is higher than its capex budget for this year worth PHp85 billion. Management said that the planned capex does not yet include funds for possible acquisition or for potential infrastructure projects. SM is expanding its business as early as possible for them to take advantage of the Philippine economy's robust growth.
- On the local fixed income space, prices of government securities fell as investors remained on the sidelines awaiting for the US job data. Yields rose by an average of 6.36 basis points as the short-end and belly of the curve rose 1.4 and 14.7 basis points, respectively. Meanwhile, the long-end portion of the curve fell by 1.0 basis point.
- The Peso weakened against the US dollar as market players kept an eye on the US Non-farm payroll. The USD/PHP pair marginally fell by 1.0 centavo, or 0.0214%, to close trading at the 46.770 level.

US and Europe

- US equities were up by more than 1% on Friday as it successfully reversed declines of more than 1.5% earlier in the day, as investors processed data on weaker-than-expected US jobs report and climbing oil prices. The Dow Jones Industrial Average gained 1.23% to 16,472.37, while the S&P 500 recovered 1.43% to 1,951.36.
- September nonfarm payrolls data came in much weaker than expected at 142,000 only, compared to market estimate of 180,000. Moreover, revisions to the two prior months totaled 59,000. Average hourly earnings still stood at 2.2% year-on-year, but was unchanged from the prior month. Finally, labor participation fell 20 bps to a nearly 40-year low of 62.4%. The drag was attributable to the manufacturing sector still due to the weak foreign markets. In contrast, the retail sector was quite strong, adding 24,000 jobs.
- Factory orders in August declined by 1.7%, worse than market expectations of -1.3%. Orders for non-durable goods, fell by 1.1% as weakness in prices of petroleum and coal products persists. Meanwhile, orders for durable goods were revised downward to -2.3%.
- US Treasury market extended its rally amid investors' flight to safety stance on the back of a disappointing US jobs report and mounting global stock market uncertainties. 2-year and 10-year yields fell by 7 and 4 basis points to end the day at 0.5794% and 1.9929%, respectively.
- European equities likewise ended the trading day higher despite earlier declines on Friday. The FTSEurofirst 300 Index was up 0.50% to close at 1,371.73.
- The US Dollar fell relative to the Euro last Friday mostly on the back of the worse-than-expected US non-farm payroll jobs report for September. The result, at 142,000 jobs, was far below the ~200,000 market consensus causing investors to turn bearish on the greenback. Had the NFP not disappointed, the already firm case for a December lift-off would be stronger. The EUR/USD pair gained 0.69 US Cents, or %0.62%, to close Friday's trading at the 1.1216 level.

Asia Pacific

- The Japanese Nikkei stayed flat ahead of the US Non-Farm Payrolls while the Chinese CSI 300 was closed for trading last Friday. The Nikkei gained 2.71 points, or 0.02% day-on-day, to close last Friday's trading at the 17,725.13 level.

Key Indicators

EQUITIES BENCHMARK INDICES	2-Oct-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,850.61	-0.59%	-0.97%	-3.14%	-5.25%
MSCI World USD Index	1,607.13	1.21%	0.78%	-0.53%	-7.19%
MSCI All Country Asia Pacific ex-Japan Total Returns	339.08	0.41%	1.46%	1.67%	-12.80%
MSCI Europe USD Index	1,505.95	1.13%	0.56%	-1.45%	-7.50%
FTSEurofirst 300 Index	1,371.73	0.50%	-0.20%	-1.72%	-0.38%
Dow Jones Industrial Average Index	16,472.37	1.23%	0.97%	0.74%	-8.68%
Standard & Poor's 500 Index	1,951.36	1.43%	1.04%	0.13%	-6.66%
YIELDS AND PRICES	2-Oct-15	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	2.2714	0.00%	0.00%	0.00%	-0.27%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.6886	0.00%	0.00%	0.00%	-0.01%
ROP2021 (Price)	108.480	0.37	0.34	0.65	0.23
ROP2034 (Price)	131.347	0.29	(1.28)	(1.19)	(2.53)
3-Month US Treasury Yield	-0.0051	0.02%	0.02%	-0.02%	-0.01%
2-year US Treasury Yield	0.5794	-0.07%	-0.11%	-0.13%	-0.13%
10-year US Treasury Yield	1.9929	-0.04%	-0.17%	-0.19%	-0.21%
30-year US Treasury Yield	2.8274	-0.02%	-0.13%	-0.13%	0.05%
3-Month German Treasury Bill Yield	-0.368	-0.01%	0.00%	-0.05%	-0.18%
Dubai Crude Oil Spot (\$/bbl)	45.70	-3.20%	2.03%	-3.26%	-18.84%
1-month Nymex oil futures (\$/bbl)	45.54	1.79%	-0.35%	-1.54%	-15.05%
Gold Spot (\$/oz)	1,138.82	2.27%	-0.66%	0.42%	-3.76%
USD/PHP (PDEX close)	46.770	0.01	(0.09)	0.07	2.05

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets				
Last Trade as of October 2, 2015				
Country	Index	Value	DoD Change	% Change
Asia Pacific	MSCI AC Asia Pacific Index	126.37	+ 0.58	+ 0.46
Australia	S&P/ASX 200 Index	5,052.02	- 60.12	- 1.18
China	Shanghai SE Comp Index	3,052.78	0.00	0.00
Hong Kong	Hang Seng Index	21,506.09	+ 659.79	+ 3.17
India	SENSEX	26,220.95	0.00	0.00
Indonesia	Jakarta Composite Index	4,207.80	- 47.08	- 1.11
Japan	Nikkei 225	17,725.13	+ 2.71	+ 0.02
Malaysia	KLCI	1,628.80	- 5.13	- 0.31
New Zealand	NZX 50 Index	5,593.51	+ 8.08	+ 0.14
Singapore	Straits Times Index	2,793.15	- 8.70	- 0.31
South Korea	KOSPI	1,969.68	- 9.64	- 0.49
Taiwan	TWSE	8,305.03	+ 9.09	+ 0.11
Thailand	SET Index	1,346.35	+ 1.20	+ 0.09

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	2-Oct-15	1-Oct-15	Difference		2-Oct-15	1-Oct-15	Difference
1 month	1.6767	1.6817	- 0.005	4 year	3.7267	3.7300	- 0.003
3 month	1.6833	1.6850	- 0.002	5 year	3.4893	3.4693	+ 0.020
6 month	1.8017	1.8050	- 0.003	7 year	4.1900	4.2083	- 0.018
1 year	2.5100	2.4450	+ 0.065	10 year	3.7676	3.7766	- 0.009
2 year	3.3600	2.5760	+ 0.784	20 year	5.1633	5.1833	- 0.020
3 year	3.1226	3.1681	- 0.046				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/6/2015	Philippines CPI All items YoY% 2006=100	Sep	10/6/2015	US Trade Balance of Goods and Services SA	Aug
10/6/2015	Philippines CPI All items MoM% 2006=100	Sep	10/7/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 2
10/6/2015	Philippines Core Inflation YoY 2006=100	Sep	10/8/2015	US Initial Jobless Claims SA	Oct 3
10/7/2015	Philippines Gross Intl Reserves	Sep	10/9/2015	US Import Price Index by End Use All MoM NSA	Sep
10/9/2015	Philippines External Trade Exports YoY	Aug	10/9/2015	Merchant Wholesalers Inventories Total Monthly % Change	Aug
10/9/2015	Philippines External Trade Exports	Aug	10/14/2015	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Sep
10/15/2015	Philippines Overseas Filipino Workers Remittances YoY	Aug	10/15/2015	US CPI Urban Consumers MoM SA	Sep
10/15/2015	Philippines Overseas Filipino Workers Remittances	Aug	10/15/2015	US Empire State Manufacturing Survey General Business Conditions SA	Oct
			10/16/2015	US Industrial Production MOM SA	Sep
			10/16/2015	University of Michigan Consumer Sentiment Index	Oct P

Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones