

October 9, 2015

Local

- The local equities market ended flat as gains made earlier during the day were wiped by profit-takers. The PSEi lost 2.01 points, or -0.03%, to close at 7,106.79. All sectors ended in green except for the services sector (-1.73%). Mining and oil went up the most, gaining 1.08%. Market breadth was positive with 98 advances outnumbering 67 declines, while 42 issues remained unchanged. Value turnover reached Php6.47 billion. Foreign investors were net sellers at Php131.47 million.
- According to a report from the Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI) and the Truck Manufacturers Association Inc. (TMA), automotive sales grew 21% to 206,284 units from 169,727 units during the first nine months of the year. CAMPI expects combined sales with the TMA to reach 310,000 units this year, 32% higher than last year's 234,747 sold units. Toyota Motor Philippines Corp. remains to be the market leader with a 40.9% market share, followed by Mitsubishi Motors with 18%.
- SM Prime Holdings Inc. (PSE ticker: SMPH) opened its second shopping center in Cabanatuan, and 53rd mall in the country. SM City Cabanatuan has 154,020 sqm of gross floor area (GFA), increasing SMPH's total retail space to 6.76 million sqm in the Philippines. It is now 90% occupied by various tenants, including SM Store, SM Supermarket, Ace Hardware, SM Appliance Center, Watson's, The Body Shop, Surplus Shop and Uniqlo.
- One the local fixed income space, bond prices moved sideways amid the continued lack of fresh leads. Yields rose by an average of 0.23 basis points led by the short-end of the curve, which increased by 19.3 basis points. However, this was offset by a decline in yields on the belly of the curve, which fell by 15.3 basis points.
- The Peso traded flat with hardly an upward bias relative to the US Dollar once again yesterday on residual pessimism on US economic prospects and Fed liftoff in the absence of other market-moving developments. The USD/PHP pair fell 3 centavos, or -0.07%, to close yesterday's trading at the 46.11 level.

US and Europe

- US equities once again rallied after minutes of the September FOMC meeting suggested that the decision to retain low rates was largely due to global developments, making it prudent to await for data before making any final moves. The Dow Jones Industrial Average index rose 138.46 points, or 0.8%, to 17,050.75, and the S&P500 index climbed 17.60 points, or 0.9%, to 2,013.43.
- Minutes from the Federal Reserve's September meeting minutes revealed that officials chose not to raise the benchmark Fed funds rate because it would be prudent to await further evidence of a slowing economy, and because they were concerned that inflation would not reach their 2% target for several years. Many of the officials acknowledged that recent global economic and financial developments may have increased the downside risks to economic activity somewhat. Moreover, the interest rate decision will depend on economy activity and inflation, though labor market conditions would soon meet one of the Fed's criteria for beginning policy normalization.
- The number of Americans filing applications for unemployment claims fell by 13,000 to a seasonally adjusted 263,000, much lower than the market estimate of 274,000 for the week ended October 3. This was the lowest since mid-July, and the 31st straight week that claims stayed below 300,000.
- US Treasury yields edged higher after market players zeroed in on policy makers' confidence in the domestic economy's growth prospects. The 2-year and 10-year yields increased by 1 and 4 basis points to end at 0.6330% and 2.1040%, respectively.
- European equities inched higher after the market waved off the weakest German export figures since 2009 and an ugly impairment at Deutsche Bank to rise for a fifth consecutive session. The FTSEurofirst 300 index increased 0.26% to close at 1,427.49.
- The US Dollar traded sideways with a slight downward bias relative to the Euro yesterday as recently released ECB accounts highlight the likelihood and need for more substantive QE, front-loaded before December, and all through next September and beyond if necessary. The EUR/USD pair rose 0.39 US cents, or 0.35%, to close yesterday's trading at the 1.1276 level.

Asia Pacific

- The Japanese Nikkei broke its six-day winning streak, pressured downwards by a sharp contraction in capital goods orders and sector-led profit-taking on retail and air transportation. The Chinese CSI 300, meanwhile, resumed business as usual on a high note, rallying over 3% yesterday after the week-long Golden Week holiday. Gains were pared by the afternoon, however, ahead of the Q3 earnings season commencement and weak August industrial profit. The Nikkei gained 31.35 points, or +0.17% (day-on-day), to close yesterday's trading at the 18,354.33 level while the CSI 300 rallied 122.04 points (+3.81%) to close at 3,324.99.

Key Indicators

EQUITIES BENCHMARK INDICES	8-Oct-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,106.79	-0.03%	3.13%	3.13%	-1.71%
MSCI World USD Index	1,663.57	0.61%	4.76%	2.24%	-3.93%
MSCI All Country Asia Pacific ex-Japan Total Returns	356.06	-0.24%	5.44%	6.86%	-8.44%
MSCI Europe USD Index	1,569.74	0.56%	5.42%	1.71%	-3.58%
FTSEurofirst 300 Index	1,427.49	0.26%	4.59%	0.84%	3.67%
Dow Jones Industrial Average Index	17,050.75	0.82%	4.79%	3.38%	-5.47%
Standard & Poor's 500 Index	2,013.43	0.88%	4.66%	2.24%	-3.69%
YIELDS AND PRICES	8-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)	108.856	(0.14)	0.75	0.87	0.61
ROP2034 (Price)	132.489	(0.56)	1.43	(0.38)	(1.38)
3-Month US Treasury Yield	0.0000	0.01%	0.03%	-0.03%	0.00%
2-year US Treasury Yield	0.6330	0.01%	-0.01%	-0.10%	-0.07%
10-year US Treasury Yield	2.1040	0.04%	0.07%	-0.08%	-0.10%
30-year US Treasury Yield	2.9397	0.05%	0.09%	-0.02%	0.17%
3-Month German Treasury Bill Yield	-0.357	0.00%	0.01%	-0.03%	-0.17%
Dubai Crude Oil Spot (\$/bbl)	49.38	-2.64%	4.60%	5.18%	-12.31%
1-month Nymex oil futures (\$/bbl)	49.43	3.39%	10.48%	7.60%	-7.80%
Gold Spot (\$/oz)	1,139.02	-0.57%	2.29%	1.56%	-3.74%
USD/PHP (PDEX close)	46.110	(0.03)	(0.65)	(0.82)	1.39

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of October 8, 2015					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	131.17	-	0.52	- 0.39
Australia	S&P/ASX 200 Index	5,210.40	+	12.53	+ 0.24
China	Shanghai SE Comp Index	3,143.36	+	90.57	+ 2.97
Hong Kong	Hang Seng Index	22,354.91	-	160.85	- 0.71
India	SENSEX	26,845.81	-	190.04	- 0.70
Indonesia	Jakarta Composite Index	4,491.43	+	4.30	+ 0.10
Japan	Nikkei 225	18,141.17	-	181.81	- 0.99
Malaysia	KLCI	1,692.20	+	2.95	+ 0.17
New Zealand	NZX 50 Index	5,625.78	-	24.25	- 0.43
Singapore	Straits Times Index	2,947.03	-	14.78	- 0.50
South Korea	KOSPI	2,019.53	+	13.69	+ 0.68
Taiwan	TWSE	8,445.96	-	49.27	- 0.58
Thailand	SET Index	1,392.15	-	1.51	- 0.11

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	8-Oct-15	7-Oct-15	Difference		8-Oct-15	7-Oct-15	Difference
1 month	1.7992	1.7050	+ 0.094	4 year	3.7557	3.7533	+ 0.002
3 month	1.3017	1.4070	- 0.105	5 year	3.4850	3.4850	0.000
6 month	1.9192	1.5119	+ 0.407	7 year	4.2367	4.2217	+ 0.015
1 year	2.3183	1.9428	+ 0.376	10 year	3.7315	3.7316	- 0.000
2 year	2.5791	3.3683	- 0.789	20 year	5.1633	5.1450	+ 0.018
3 year	3.1170	3.1079	+ 0.009				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/8/2015	Philippines External Trade Exports YoY	Aug	10/9/2015	US Import Price Index by End Use All MoM NSA	Sep
10/8/2015	Philippines External Trade Exports	Aug	10/9/2015	Merchant Wholesalers Inventories Total Monthly % Change	Aug
10/15/2015	Philippines Overseas Filipino Workers Remittances YoY	Aug	10/14/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 9
10/15/2015	Philippines Overseas Filipino Workers Remittances	Aug	10/14/2015	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Sep
			10/15/2015	US Initial Jobless Claims SA	Oct 3
			10/15/2015	US CPI Urban Consumers MoM SA	Sep
			10/15/2015	US Empire State Manufacturing Survey General Business Conditions SA	Oct
			10/15/2015	Philadelphia Fed Business Outlook Survey Diffusion Index General Conditions	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