

Local

- The local equities market decline as investors take caution on the release of the U.S nonfarm payrolls last Friday. The PSEi index declined by 41.87 points or -0.55%, closing at 7,578.29. Except for holding firms (+0.05%), all indices were red led by services (-1.51%) and financials (-0.84%). Market breadth was negative with 72 advances and 103 declines while 57 were unchanged. Total value turnover was at Php8.02 billion. Foreigners were net sellers at Php246.06 million.
- The Department of Finance (DoF) has stated that Philippine inflation may reach beyond 2% for a short period of time, following a half-percentage point rise last month managed to fall within the BSP's 2-4% range this year. Finance Undersecretary Gil S. Beltran said that for the short-term, the headline inflation rate will move past 2%. He also mentioned that the administration of stable prices may benefit in taking shocks to the economy while helping in managing strong economic growth.
- Vista Land & Lifescapes, Inc. (PSE Ticker: VLL) presented the Php2.2 billion Costa Vista Boracay, visualized in transforming into a main destination within a deluxe part of the white sand beach. With its condominium arm Vista Residences, the firm will expand 6.5 hectares from Boracay into a resort, which will be added with six- mid-rise residential towers, private villas, a hotel, a convention center and a commercial quarter. President and Managing Director Elizabeth M. Kalaw said that Vista Residences is using Php2.2 billion in finishing the mixed-use development by eight years.
- In the local fixed income space, prices of government securities rose as investors are staying on the sidelines on the nonfarm payrolls report, including the Bureau of Treasury's Php25 billion 7-year bond auction this Tuesday. Yields fell by an average of -0.46 bps, led by the belly which declined by 3.1 bps. Meanwhile, the short and long-end of the curve increased by 2.0 bps and 0.7 bps.
- The Peso ended weaker against the U.S. Dollar as traders waited for the release of nonfarm payrolls report data last Friday, which may provide indication on a possible Fed rate hike. The USD / PHP rose by 0.02 centavos or 0.04%, closing at 48.305.

US and Europe

- U.S. stocks slipped last Friday due to a drop in the British Pound and a weaker than expected September non-farm payrolls report. The Dow Jones dropped 28.01 points or 0.2%. The S&P 500 index dipped 7.03 points or 0.3%. The Nasdaq Composite Index declined 14.45 points or 0.3%.
- U.S. employment growth has slowed down for a third month during September. The unemployment rate increased by 0.1% to 5.0%. Fed speaker said that U.S. economic data and September payrolls report were consistent with U.S. Central bank regarding an increase in interest rates. Fed speaker said that gradual higher interest rates are appropriate.
- Treasuries have shown strength by breaking a five session losing streak as the September job report was weaker than expected. The 2-year note yield dipped 2 basis points to 0.83%, while the 10-year bond yield fell 1.9 basis points to 1.718%.
- European stocks continued their retreat as risk aversion rose in light of the significant drop in the value of the pound sterling. The European STOXX 600 index dropped 3.18 points, or 0.9%, to 339.64. Mining stocks closed mostly higher as the expected gains from a falling pound are factored in. The FTSE 100 (United Kingdom) rose 0.6% DoD while CAC 40 (France) and DAX (Germany) each fell by 0.7% DoD.
- The US dollar traded flat with a slight upward bias relative to the Euro as an 'average' non-farm payroll data coming from the US increases the odds of a December Fed rate hike. The EUR/USD pair fell by 0.06 cents (-0.05%) to close yesterday's trading at the 1.1195 level.

Asia Pacific

- Asian stocks were down across the board as a lack of positive catalysts and the negative sentiment arising from lackluster US economic data pushed investors to sell off. Japan, Korea, Hong Kong, Malaysia, Singapore, Thailand, Taiwan, and Philippine markets were down. The China market remained closed due to National Holiday.

Key Indicators

EQUITIES BENCHMARK INDICES	7-Oct-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,578.29	-0.55%	-0.67%	-0.54%	9.01%
MSCI World USD Index	1,718.40	0.00%	-0.42%	-1.66%	3.34%
MSCI All Country Asia Pacific ex-Japan Total Returns	400.04	0.34%	1.28%	-0.06%	13.72%
MSCI Europe USD Index	1,473.61	0.00%	-0.56%	-2.62%	-3.22%
FTSEurofirst 300 Index	1,348.65	-0.15%	-0.15%	-2.23%	-6.18%
Dow Jones Industrial Average Index	18,268.50	0.00%	-0.22%	-1.39%	4.84%
Standard & Poor's 500 Index	2,160.77	0.00%	-0.35%	-1.16%	5.72%
YIELDS AND PRICES	7-Oct-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.5679	0.43%	-0.02%	0.36%	-1.10%
1-Year Philippine Treasury Bill Yield (PDST-R2)	1.3497	-0.25%	-0.66%	-1.24%	-1.02%
ROP2021 (Price)	108.334	0.06	(0.18)	(1.10)	(0.03)
ROP2034 (Price)	143.005	(0.57)	(2.25)	(3.35)	12.54
3-Month US Treasury Yield	0.3154	-0.01%	0.04%	-0.02%	0.15%
2-year US Treasury Yield	0.8542	0.00%	0.09%	0.12%	-0.19%
10-year US Treasury Yield	1.7480	0.01%	0.15%	0.21%	-0.52%
30-year US Treasury Yield	2.4676	0.01%	0.15%	0.23%	-0.55%
3-Month German Treasury Bill Yield	-0.818	0.00%	-0.02%	-0.01%	-0.28%
Dubai Crude Oil Spot (\$/bbl)	49.84	1.76%	9.85%	13.50%	55.12%
1-month Nymex oil futures (\$/bbl)	50.62	0.36%	4.93%	11.25%	36.66%
Gold Spot (\$/oz)	1,255.77	0.11%	-4.56%	-6.65%	18.31%
USD/PHP (PDEX close)	48.305	0.02	(0.20)	1.62	1.25

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets				
Last Trade as of October 7, 2016				
Country	Index	Value	DoD Change	% Change
Asia Pacific	MSCI AC Asia Pacific Index	140.62	0.00	0.00
Australia	S&P/ASX 200 Index	5,467.39	-	15.64 - 0.29
China	Shanghai SE Comp Index	3,004.70	0.00	0.00
Hong Kong	Hang Seng Index	23,851.82	-	100.68 - 0.42
India	SENSEX	28,052.64	-	53.57 - 0.19
Indonesia	Jakarta Composite Index	5,377.15	-	32.19 - 0.60
Japan	Nikkei 225	16,860.09	-	39.01 - 0.23
Malaysia	KLCI	1,665.38	-	1.35 - 0.08
New Zealand	NZX 50 Index	7,167.81	-	29.48 - 0.41
Singapore	Straits Times Index	2,875.24	-	9.98 - 0.35
South Korea	KOSPI	2,053.80	-	11.50 - 0.56
Taiwan	TWSE	9,265.81	-	18.50 - 0.20
Thailand	SET Index	1,506.74	-	7.12 - 0.47

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	7-Oct-16	6-Oct-16	Difference		7-Oct-16	6-Oct-16	Difference
1 month	1.3411	1.4000	- 0.059	4 year	3.3214	3.3786	- 0.057
3 month	1.5679	1.1368	+ 0.431	5 year	3.7446	3.7929	- 0.048
6 month	1.3982	1.4359	- 0.038	7 year	3.4929	3.4930	- 0.000
1 year	1.3497	1.6038	- 0.254	10 year	3.6899	3.6643	+ 0.026
2 year	2.3197	2.3436	- 0.024	20 year	4.6407	4.6464	- 0.006
3 year	3.2718	3.2982	- 0.026				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/11/2016	Philippines External Balance of Trade	Aug	10/12/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 7
10/11/2016	Philippines Budget Balance Monthly	Aug	10/13/2016	US Initial Jobless Claims SA	Oct 8
10/11/2016	Philippines External Trade Imports YoY	Aug	10/14/2016	US PPI Finished Goods SA MoM%	Sep
10/11/2016	Philippines External Trade Exports	Aug	10/14/2016	US PPI Finished Goods Less Foods & Energy SA MoM%	Sep
10/11/2016	Philippines External Trade Imports	Aug	10/14/2016	US PPI Finished Goods NSA YoY%	Sep
10/17/2016	Philippines Overseas Filipino Workers Remittances YoY	Aug	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
			10/18/2016	US CPI Urban Consumers MoM SA	Sep
			10/19/2016	US New Privately Owned Housing Units Started by Structure Total SAAR	Sep

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