

## Local

- The local equities market declined as noise pertaining to government regulation (e.g. competition in telco, sugar tax, smoking ban, etc.) supports negative sentiment, particularly towards affected industries. The PSE index declined by 43.58 points or -0.58%, closing at 7,534.71. Except for financials which remained unchanged, all sectors were down. Market breadth was marginally positive with 72 advances, 53 declines, and 103 unchanged. Total value turnover was Php4.99 billion. Foreigners were net sellers at Php530.47 million.
- Net foreign direct investments (FDI) inflow rose by 7% to \$503 million for the month of July. This was an increase from \$470 million in the year 2015. It is also higher than \$238 million in the previous month and May's \$364 million based from the Bangko Sentral ng Pilipinas (BSP) data. The central bank has stated that the rise in year-to-date inflows was due to the investors' favorable stance on the Philippine economy, supplemented by strong macroeconomic fundamentals.
- Aboitiz Power Corporation (PSE Ticker: AP) has stated that its unit, SN Aboitiz Power-Magat Inc., reached a deal in relation to a notes facility agreement with Bank of the Philippine Islands and China Banking Corporation in issuing Php19 billion fixed corporate notes. They also stated that these will be for the benefit of paying back their current loans and provide funds to its recapitalization. They also stated that it will also be used for other general corporate purposes as well.
- In the local fixed income space, prices of government securities was flat with a slight upward bias as investors repositioned towards a more neutral duration, especially in light of the retail treasury bond offering this week. Yields rose by an average of 0.46 bps, led by the belly at 1.5 bps while the short- and long-end of the curve fell by 0.3 and 0.1 bps, respectively.
- The Peso was flat with a downward bias against the US Dollar as the protracted uncertainty regarding the likelihood of a December US fed rate hike continues. The USD / PHP rose by 0.05 centavos or 0.10%, closing at 48.355.

## US and Europe

- Wall Street tempered gains yesterday after initially starting out strong on the back of robust energy and utilities sector outperformance following commentary by Russia's Vladimir Putin that his country is ready to deepen cooperation with OPEC at the upcoming November meeting to possibly rein in production further. Also, markets rallied on the implication of a more likely Clinton victory at the national elections next month. Mrs. Clinton's lead in the polls extended by 11% over rival Donald Trump, twice last month's projection, after last Sunday's heated debate. The Dow Jones, S&P 500 and Nasdaq climbed 88.55 points (+0.5%, DoD), 9.92 points (+0.5%, DoD) and 36.27 points (+0.7%, DoD), respectively, to close at 18,329, 2,164 and 5,329.
- US service sector expansion was reported by the ISM for September with the non-manufacturing activity index leaping to 51.7, an 11-month high, versus expectations of 53.0. This was also much higher than the 51.9 recorded for August. Generally buoyant economic conditions were likewise reported with the business activity, new orders and employment indices rising to 60.3 (vs. 51.8 previous month), 60.0 (vs. 51.4 previous month) and 57.2 (vs. 50.7 previous month), respectively.
- The US Treasury market was closed yesterday for the Columbus Day holiday.
- European stocks finally bounced back to close higher as oil prices rallied. The FTSE Eurofirst 300 index rose 0.86% DoD to close at 1,350.29. Deutsche Bank rose by 3.4% DoD as statements from Austria's finance minister provided support for a resolution to the resolution of the bank's problems. The FTSE 100 (United Kingdom), CAC 40 (France), and DAX (Germany) rose by 0.75%, 1.06%, and 1.27% DoD, respectively.
- The US dollar traded flat with a slight upward bias relative to the Euro as a rally in oil prices may support the increase in inflation and therefore, the possibility of a US fed rate hike. The EUR/USD pair fell by 0.33 cents (-0.29%) to close yesterday's trading at the 1.1168 level.

## Asia Pacific

- Asian stocks were mixed as China returned after a weeklong holiday. The Shanghai SE Comp. index was up 1.45% as investors took Beijing's latest move to cool off the housing market as a positive sign for longer-term growth. The new regulations include higher mortgage down payments and quotas on apartment buying. While news of the Chinese central bank setting the Yuan's reference exchange rate at a six-year low against the dollar were largely ignored. The Japan and Hong Kong markets were closed due to a holiday.

## Key Indicators

EQUITIES BENCHMARK INDICES	10-Oct-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,534.71	-0.58%	-1.86%	-0.62%	8.38%
MSCI World USD Index	1,719.29	0.40%	-0.20%	0.66%	3.40%
MSCI All Country Asia Pacific ex-Japan Total Returns	398.45	-0.40%	-0.01%	0.71%	13.27%
MSCI Europe USD Index	1,469.81	0.55%	-0.72%	-1.19%	-3.47%
FTSEurofirst 300 Index	1,350.29	0.86%	-0.03%	-0.70%	-6.07%
Dow Jones Industrial Average Index	18,329.04	0.49%	0.41%	1.35%	5.19%
Standard & Poor's 500 Index	2,163.66	0.46%	0.11%	1.68%	5.86%
YIELDS AND PRICES	10-Oct-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.3607	-0.21%	0.16%	-0.15%	-1.31%
1-Year Philippine Treasury Bill Yield (PDST-R2)	1.5464	0.20%	-0.05%	-1.05%	-0.82%
ROP2021 (Price)	108.332	0.01	(0.09)	(0.86)	(0.03)
ROP2034 (Price)	143.145	0.14	(2.04)	(2.03)	12.68
3-Month US Treasury Yield	0.3154	0.00%	0.02%	-0.02%	0.15%
2-year US Treasury Yield	0.8301	0.00%	0.04%	0.05%	-0.22%
10-year US Treasury Yield	1.7181	0.00%	0.10%	0.04%	-0.55%
30-year US Treasury Yield	2.4508	0.00%	0.11%	0.06%	-0.57%
3-Month German Treasury Bill Yield	-0.851	-0.03%	-0.05%	-0.03%	-0.31%
Dubai Crude Oil Spot (\$/bbl)	48.93	-0.81%	2.45%	7.61%	52.29%
1-month Nymex oil futures (\$/bbl)	51.35	3.09%	5.20%	11.92%	38.63%
Gold Spot (\$/oz)	1,259.63	0.21%	-4.05%	-5.14%	18.67%
USD/PHP (PDEX close)	48.355	0.05	0.17	1.20	1.29

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets				
		Last Trade as of	October 10, 2016	
Country	Index	Value	DoD Change	% Change
Asia Pacific	MSCI AC Asia Pacific Index	140.57	-	0.03
Australia	S&P/ASX 200 Index	5,475.43	+	8.04
China	Shanghai SE Comp Index	3,048.14	+	43.44
Hong Kong	Hang Seng Index	23,851.82		0.00
India	SENSEX	28,082.34	+	21.20
Indonesia	Jakarta Composite Index	5,360.83	-	16.32
Japan	Nikkei 225	16,860.09		0.00
Malaysia	KLCI	1,665.32	-	0.06
New Zealand	NZX 50 Index	7,116.92	-	50.89
Singapore	Straits Times Index	2,870.24	-	5.00
South Korea	KOSPI	2,056.82	+	3.02
Taiwan	TWSE	9,265.81		0.00
Thailand	SET Index	1,457.02	-	47.32

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	10-Oct-16	7-Oct-16	Difference		10-Oct-16	7-Oct-16	Difference
1 month	1.3429	1.3411	+ 0.002	4 year	3.3554	3.3214	+ 0.034
3 month	1.3607	1.5679	- 0.207	5 year	3.7696	3.7446	+ 0.025
6 month	1.3946	1.3982	- 0.004	7 year	3.5018	3.4929	+ 0.009
1 year	1.5464	1.3497	+ 0.197	10 year	3.6786	3.6899	- 0.011
2 year	2.2948	2.3197	- 0.025	20 year	4.6482	4.6407	+ 0.008
3 year	3.3036	3.2718	+ 0.032				

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/10/2016	Philippines External Balance of Trade	Aug	10/12/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 7
10/10/2016	Philippines External Trade Imports YoY	Aug	10/13/2016	US Initial Jobless Claims SA	Oct 8
10/10/2016	Philippines External Trade Exports	Aug	10/14/2016	US PPI Finished Goods SA MoM%	Sep
10/10/2016	Philippines External Trade Imports	Aug	10/14/2016	US PPI Finished Goods Less Foods & Energy SA MoM%	Sep
10/11/2016	Philippines Budget Balance Monthly	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