

Local

- The local equities market marginally declined as negative sentiment on Gokongwei stocks brought down the index. The PSE index declined by 13.89 points or 0.18%, closing at 7,520.82. Market sentiment was mixed as financial, services, mining / oil, and property sector gains were dragged down by industrial and holding firm sectors. Market breadth was positive with 96 advances, 51 declines, and 78 unchanged. Total value turnover was Php7.17 billion. Foreigners were net sellers at Php588 million.
- Auto sales for the month of September have diminished by 3.1% month-on-month (MoM). In a statement made by the Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) and Truck Manufacturers Association (TMA), they revealed that member companies managed to sell 31,451 units for September, a small decrease from August at 32,472 units. However, vehicle sales in September grew by 16.2% year-on-year (YoY) due to high market demand from contemporary models within the market.
- Petron Corporation (PSE Ticker: PCOR) would have to meet certain requirements prior to the Php40 billion shelf offering towards the investing public. The Securities and Exchange Commission (SEC) agreed to the shelf registration for the company, but requires them to fulfill certain agreements before the sale could be put into action. The regulator also needed them to validate the qualification of Petron's Independent Director Reynaldo G. David due to an ongoing case within the Enforcement and Investor Protection Department.
- In the local fixed income space, prices of government securities fell as average bids for the 7-year Fixed Rate Treasury Note auction rose to 3.605%. Yields rose by an average of 10.29 bps across the curve, with particular emphasis in the belly. The short-end, belly, and long-end of the curve rose by 7.1, 14.5, and 7.5 bps, respectively.
- The Peso was flat with a downward bias against the US Dollar as higher oil prices increase expectations of robust inflation figures and the likelihood of a US fed rate hike. The USD / PHP rose by 0.17 centavos or 0.34%, closing at 48.520.

US and Europe

- The US Dollar rallied against a broad range of currencies yesterday, sending Wall Street and Crude Oil prices lower. As previous month's non-farm payrolls continued to be decent, US industrial and service sectors continue to expand and the unemployment rate edged up for the right reasons (higher labor force participation rate), for once, the chances of a one and only Fed rate hike for 2017 in December has been firming. This leads to a stronger greenback, which is negative for US multi-national corporations and crude oil (by extension, US energy companies). The Dow Jones, S&P 500 and Nasdaq lost 200.38 (-1.1%, DoD), 26.93 (-1.2%, DoD) and 81.88 (-1.5%, DoD) points, respectively, to close at 18,129, 2,137 and 5,247.
- The Fed's Labor Market Conditions Index, which considers the unemployment rate, private payrolls, wages and the JOLTS (Job Opening Labor Turnover Survey) fell in September, losing another 2.2 points over the 1.3 point decline in August.
- US Small Business confidence also fell in September, printing at 94.1 for the month, below expectations of 95.0 and August's 94.4. While recent improvements in the economy resulted in expectations of higher sales and wages for SME owners, actual borrowing and investments in inventory, capital goods and workers actually fell.
- US bond prices fell on the back of firming expectations of a rate hike this December and the chances of additional supply of US Treasuries. Fed-fund Futures now imply a 70% chance of a rate increase this December. The 2 and 10-year notes gapped up 4 and 5.1 basis points, respectively, to 0.87% and 1.769%.
- European stocks were down again as reports of an increase in OPEC oil output dampened investor sentiment on oil price increases. The International Energy Agency said that OPEC boosted its output to a record 33.64 million barrels a day in September. The decline in sentiment comes a day after more bullish statements were made by Russian President Vladimir Putin and Saudi Arabia's energy minister. The FTSE 100 (United Kingdom), CAC 40 (France), and DAX (Germany) fell by 0.38%, 0.57%, and 0.44% DoD, respectively.
- The US dollar traded flat with a slight upward bias relative to the Euro as the likelihood of a US Fed rate hike continues to rise. The EUR/USD pair fell by 0.88 cents (-0.79%) to close yesterday's trading at the 1.1108 level.

Asia Pacific

- Asian markets were mostly up yesterday, led by Japan's Nikkei Stock Average (+0.98% DoD), as the potential in rising crude oil prices and weaker local currencies improve prospects of an export-led rebound. The bullishness on oil was supported by statements from Russian President Vladimir Putin supporting the OPEC cut. China, Indonesia, and Malaysian markets were up while Hong Kong, Philippines, Korea, and Taiwan were down.

Key Indicators

EQUITIES BENCHMARK INDICES						
	11-Oct-16	DoD change	WoW change	MoM change	Ytd change	
Philippine Stock Exchange Index	7,520.82	-0.18%	-2.57%	-0.80%	8.18%	
MSCI World USD Index	1,700.33	-1.10%	-1.02%	-0.45%	2.26%	
MSCI All Country Asia Pacific ex-Japan Total Returns	399.41	0.24%	-0.11%	0.95%	13.54%	
MSCI Europe USD Index	1,449.21	-1.40%	-2.46%	-2.58%	-4.82%	
FTSEurofirst 300 Index	1,342.19	-0.60%	-1.50%	-1.30%	-6.63%	
Dow Jones Industrial Average Index	18,128.66	-1.09%	-0.22%	0.24%	4.04%	
Standard & Poor's 500 Index	2,136.73	-1.24%	-0.64%	0.42%	4.54%	
YIELDS AND PRICES						
	11-Oct-16	DoD change	WoW change	MoM change	Ytd change	
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.4107	0.05%	0.00%	-0.10%	-1.26%	
1-Year Philippine Treasury Bill Yield (PDST-R2)	1.6536	0.11%	0.23%	-0.95%	-0.72%	
ROP2021 (Price)	108.267	(0.06)	(0.13)	(0.92)	(0.09)	
ROP2034 (Price)	141.920	(1.23)	(2.76)	(3.25)	11.45	
3-Month US Treasury Yield	0.3307	0.02%	0.01%	-0.01%	0.17%	
2-year US Treasury Yield	0.8664	0.04%	0.04%	0.08%	-0.18%	
10-year US Treasury Yield	1.7638	0.05%	0.08%	0.09%	-0.51%	
30-year US Treasury Yield	2.5014	0.05%	0.09%	0.11%	-0.51%	
3-Month German Treasury Bill Yield	-0.852	-0.00%	-0.05%	-0.04%	-0.31%	
Dubai Crude Oil Spot (\$/bbl)	50.10	2.39%	5.25%	10.18%	55.93%	
1-month Nymex oil futures (\$/bbl)	50.79	-1.09%	4.31%	10.70%	37.12%	
Gold Spot (\$/oz)	1,252.73	-0.55%	-1.25%	-5.66%	18.02%	
USD/PHP (PDEX close)	48.520	0.17	0.28	1.36	1.46	

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets				
Last Trade as of		October 11, 2016		
Country	Index	Value	DoD Change	%Change
Asia Pacific	MSCI AC Asia Pacific Index	139.76	- 0.81	- 0.58
Australia	S&P/ASX 200 Index	5,479.80	+ 4.37	+ 0.08
China	Shanghai SE Comp Index	3,065.25	+ 17.11	+ 0.56
Hong Kong	Hang Seng Index	23,549.52	- 302.30	- 1.27
India	SENSEX	28,082.34	0.00	0.00
Indonesia	Jakarta Composite Index	5,382.00	+ 21.17	+ 0.39
Japan	Nikkei 225	17,024.76	+ 164.67	+ 0.98
Malaysia	KLCI	1,668.72	+ 3.40	+ 0.20
New Zealand	NZX 50 Index	7,124.23	+ 7.31	+ 0.10
Singapore	Straits Times Index	2,856.13	- 14.11	- 0.49
South Korea	KOSPI	2,031.93	- 24.89	- 1.21
Taiwan	TWSE	9,219.82	- 45.99	- 0.50
Thailand	SET Index	1,442.21	- 14.81	- 1.02

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)									
	11-Oct-16	10-Oct-16	Difference			11-Oct-16	10-Oct-16	Difference	
1 month	1.3893	1.3429	+	0.046	4 year	3.4357	3.3554	+	0.080
3 month	1.4107	1.3607	+	0.050	5 year	3.8018	3.7696	+	0.032
6 month	1.4732	1.3946	+	0.079	7 year	3.5709	3.5018	+	0.069
1 year	1.6536	1.5464	+	0.107	10 year	3.8316	3.6786	+	0.153
2 year	2.8036	2.2948	+	0.509	20 year	4.7214	4.6482	+	0.073
3 year	3.3393	3.3036	+	0.036					

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/12/2016	Philippines Budget Balance Monthly	Aug	10/12/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 7
10/17/2016	Philippines Overseas Filipino Workers Remittances YoY	Aug	10/13/2016	US Initial Jobless Claims SA	Oct 8
10/17/2016	Philippines Overseas Filipino Workers Remittances	Aug	10/14/2016	US PPI Finished Goods SA MoM%	Sep
10/19/2016	Philippines BOP	Sep	10/14/2016	US PPI Finished Goods Less Foods & Energy SA MoM%	Sep
			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
			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