

## Local

- The local equities market declined after China released weak import data, resulting to a risk-off sentiment again towards the emerging markets. The PSEi lost 88.67 points, or -1.26%, to 6,924.77. All indices declined led by the mining and oil (-3.28%) and property (-1.71%). Market breadth was negative with 112 declines outnumbering 64 advances, while 45 issues were unchanged. Total value turnover reached Php5.21 billion. Foreign investors were net sellers at Php29.93 million.
- The Philippine government plans to spend a total of Php19.2 billion in the next three quarter for projects meant to ease the effects of El Niño. About Php7.5 billion will be needed this quarter while the remaining Php11.7 billion is earmarked for the first half of 2016. Some projects in the pipeline are the water management project for farm production through the Department of Agriculture, National Irrigation Administration and Department of Environment and Natural Resources, cash-for-work, food stamp program through the National Economic and Development Authority and the Department of Social Welfare and Development. The El Niño phenomenon is expected to peak starting December until February next year.
- Philippine Long Distance Telephone Co. (PSE ticker: TEL) took a Php5-billion loan from Metropolitan Bank & Trust Co. (PSE ticker: MBT) to partially fund its capital expenditures for service improvements and expansion programs as well as to refinance existing loan obligations. TEL intends to upgrade its services and expand businesses here and abroad while MBT targets to grow its loan portfolio by at least 20% in 2015 from Php759.5 billion recorded at end-2014.
- On the local fixed income space, prices of government securities fell, primarily on the short-end of the curve, as investors remained cautious following weak trade data from China released on Tuesday. Yields climbed by an average of 7.02 basis points led by the short-end of the curve, which increased by 22.5 basis points. Meanwhile, the belly and long-end of the curve marginally fell by 0.3 and 1.4 basis points, respectively.
- The Peso traded flat with a slight strengthening bias relative to the US Dollar despite renewed risk-off sentiment in favor of safe haven assets such as the greenback. Data out of China continues to disappoint with both imports and export figures posting lower growth, consistent with the soft inflation figure of 1.6% for September. The USD/PHP pair fell 7.5 centavos, or -0.16%, to close yesterday's trading at the 46.00 level.

## US and Europe

- US equities ended much lower following disappointing earnings guidance from Wal-Mart, which coincided with weak retail sales and unexciting inflation data. The Dow Jones Industrial Average index lost 157.14 points, or 0.9%, to 16,924.75 and the S&P 500 retreated 9.45 points, or 0.5%, to 1,994.24.
- Retail sales in the world's largest economy inched higher by a seasonally adjusted 0.1% month-on-month (mkt. est. +0.2%), following the downwardly revised 0% reading last August. The increase was primarily due to a 1.8% increase in auto sales. Not including autos and parts, sales at other retailers were down 0.3%.
- The US producer price index declined by 0.5% month-on-month, compared to the market estimate of -0.2%. Core prices were down 0.3%, more than the market estimate of -0.1%. Overall, producer prices were down 1.1% YoY, the eighth straight annual decline. Core prices were up only 0.5% YoY. Meanwhile, energy prices slumped 5.9%, accounting for the bulk of the decline, and food prices were down 0.8% as well.
- According to the latest Beige Book, the US economy continued to expand at a modest pace as of the end of 3Q15. The report indicated that a number of districts cited the strong dollar as restraining manufacturing activity and tourism spending. However, businesses were "generally optimistic regarding the near-term outlook." The housing market improved since the last report, lending activity increased, and consumer spending grew at a moderate pace.
- US Treasury prices rallied after the release of disappointing economic data, such as lukewarm U.S. retail sales and producer prices data. This further strengthened views that the Federal Reserve will delay the first rate hike to 2016. The 2-year and 10-year yields declined 7 basis points each to close at 0.5487% and 1.9718%, respectively.
- European stocks fell for a third day as slowing global growth continues to concern investors. Industrial output in the Eurozone fell 0.5% in August as energy production dropped 3% and manufacture of capital goods dropped 1%. The FTSEurofirst 300 index fell 0.80% to end the day at 1,405.78.
- The US Dollar fell again yesterday, vis-a-vis the Euro, as post-summer US retail sales growth, at 0.1% for September, was lower than the expected 0.2%. Retail sales for August, meanwhile, were revised downwards to zero from 0.2% previously. What's more, ex-auto and auto parts, retail sales for last month was flat. The EUR/USD pair gained 0.25 US cents, or +0.22%, to close yesterday's trading at the 1.1406 level.

## **Asia Pacific**

- The Chinese CSI 300 traded sideways with a downward bias again yesterday as soft inflation and producer prices were released. Chinese CPI and PPI, which rose and fell by 1.6% and -5.9%, respectively, disappointed consensus expectations and reinforced the perception of a broad slow-down in China's economy. In Japan, the Nikkei likewise fell, tracking regional equity weakness abroad and as market considered the implications of China's latest results on Japan. The CSI 300 and Nikkei fell 38.93 points (-1.13%, day-on-day) and 343.74 points (-1.89%, day-on-day), respectively, to close the day at 3,406.11 and 17,891.00.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>14-Oct-15</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	6,924.77	-1.26%	-2.59%	-2.04%	-4.23%
MSCI World USD Index	1,653.01	-0.49%	-0.03%	2.02%	-4.54%
MSCI All Country Asia Pacific ex-Japan Total Returns	358.68	-0.48%	0.49%	5.00%	-7.76%
MSCI Europe USD Index	1,566.98	-0.21%	0.38%	2.14%	-3.75%
FTSEurofirst 300 Index	1,405.78	-0.80%	-1.26%	0.87%	2.09%
Dow Jones Industrial Average Index	16,924.75	-0.92%	0.07%	3.38%	-6.17%
Standard & Poor's 500 Index	1,994.24	-0.47%	-0.08%	2.11%	-4.61%
<b>YIELDS AND PRICES</b>	<b>14-Oct-15</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
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)	108.953	(0.02)	(0.04)	0.63	0.70
ROP2034 (Price)	133.358	0.10	0.31	(0.16)	(0.52)
3-Month US Treasury Yield	-0.0051	-0.01%	0.00%	-0.03%	-0.01%
2-year US Treasury Yield	0.5487	-0.07%	-0.08%	-0.18%	-0.16%
10-year US Treasury Yield	1.9718	-0.07%	-0.10%	-0.21%	-0.23%
30-year US Treasury Yield	2.8344	-0.05%	-0.06%	-0.12%	0.06%
3-Month German Treasury Bill Yield	-0.336	0.00%	0.02%	0.04%	-0.15%
Dubai Crude Oil Spot (\$/bbl)	46.68	-1.44%	-7.97%	1.06%	-17.10%
1-month Nymex oil futures (\$/bbl)	46.64	-0.04%	-2.45%	6.00%	-13.00%
Gold Spot (\$/oz)	1,184.13	1.31%	3.37%	6.76%	0.07%
USD/PHP (PDEX close)	46.000	(0.08)	(0.14)	(0.73)	1.28

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>					
		<b>Last Trade as of</b>	<b>October 14, 2015</b>		
<b>Country</b>	<b>Index</b>	<b>Value</b>	<b>DoD Change</b>	<b>% Change</b>	
Asia Pacific	MSCI AC Asia Pacific Index	131.51	-	1.32	- 0.99
Australia	S&P/ASX 200 Index	5,197.25	-	5.60	- 0.11
China	Shanghai SE Comp Index	3,262.44	-	30.79	- 0.93
Hong Kong	Hang Seng Index	22,439.91	-	160.55	- 0.71
India	SENSEX	26,779.66	-	66.87	- 0.25
Indonesia	Jakarta Composite Index	4,483.08		0.00	0.00
Japan	Nikkei 225	17,891.00	-	343.74	- 1.89
Malaysia	KLCI	1,711.14		0.00	0.00
New Zealand	NZX 50 Index	5,727.13	+	24.31	+ 0.43
Singapore	Straits Times Index	2,983.92	-	0.96	- 0.03
South Korea	KOSPI	2,009.55	-	9.50	- 0.47
Taiwan	TWSE	8,522.51	-	45.41	- 0.53
Thailand	SET Index	1,405.08	-	1.61	- 0.11

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	<b>14-Oct-15</b>	<b>13-Oct-15</b>	<b>Difference</b>		<b>14-Oct-15</b>	<b>13-Oct-15</b>	<b>Difference</b>
1 month	3.2405	2.3937	+ 0.847	4 year	3.7423	3.7473	- 0.005
3 month	1.7992	1.7875	+ 0.012	5 year	3.4899	3.4863	+ 0.004
6 month	1.5590	1.5009	+ 0.058	7 year	4.2063	4.2150	- 0.009
1 year	2.2783	2.2967	- 0.018	10 year	3.6855	3.7112	- 0.026
2 year	2.6417	2.6500	- 0.008	20 year	5.1500	5.1667	- 0.017
3 year	3.1026	3.0973	+ 0.005				

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/15/2015	Philippines Overseas Filipino Workers Remittances YoY	Aug	10/15/2015	US Initial Jobless Claims SA	Oct 10
10/15/2015	Philippines Overseas Filipino Workers Remittances	Aug	10/15/2015	US CPI Urban Consumers MoM SA	Sep
10/19/2015	Philippines BOP	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
			10/20/2015	US New Privately Owned Housing Units Started by Structure Total SAAR	Sep
			10/21/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 9
			10/22/2015	US Existing Homes Sales SAAR	Sep
			10/22/2015	Conference Board US Leading Index MoM	Sep

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