

Local

- The local equities market rallied as investors hunted for bargains, albeit at low volumes. The PSEi gained 120.63 points, or +1.74%, to 7,045.40. All indices ended in green led by the mining and oil (+3.05%) and financials (+2.32%). Market breadth was positive with 121 advances outnumbering 66 declines, while 37 issues were unchanged. Total value turnover reached Php6.00 billion. Foreign investors were net buyers at Php68.07 million.
- Overseas Filipino Workers' (OFW) remittances grew by 4.1% in the first eight months of the year to US\$16.21 billion. For the month of August alone, OFWs remitted a total of US\$2.04 billion only, 0.6% lower than the same month last year due to the depreciation of some currencies against the US dollar, particularly the Euro, Canadian dollar and Japanese yen. Remittances from land-based workers with work contracts of one year or more grew by 4.6% while those with less than one year increased by 2.4%. Most of the remittances came from the US, Saudi Arabia, UAE, UK, Singapore, Japan, Hong Kong and Canada.
- Metro Pacific Investment Corp. (PSE ticker: MPI) bought Manila Electric Co.'s (PSE ticker: MER) 24.95% stake in Indra Philippines, Inc. for Php326.53 million. Indra is a joint venture between MER and a Madrid-based IT group, Indra Sistemas SA, which currently provides maintenance and enhancement services for MER's customers, as well as operations and maintenance services of the supporting IT infrastructure of these systems. Indra is also a potential bidder for the Php298-million PPP deal to upgrade the existing IT infrastructure of the LTRFB. MPI believes that it will benefit from the planned expansion of Indra in the country moving forward.
- On the local fixed income space, prices of government securities rose as investors took weak US data points to mean that there would be no rate hike this year. Yields declined by an average of 8.11 basis points led by the short-end of the curve, which decreased by 21.2 basis points. Meanwhile, the belly and long-end of the curve marginally fell by 1.4 and 1.9 basis points, respectively.
- The Peso traded flat with a slight upward bias relative to the US Dollar today largely due to poor retail and producer price index (PPI) results out of the US. Worse than expected US retail sales growth of 0.1% in September and -1.1% for PPI, more than offset the greenback's allure as a safe-haven asset in face of more evidence of a Chinese slow-down. The USD/PHP pair fell 15 centavos, or -0.33%, to close today's trading at the 45.85 level.

US and Europe

- US equities rallied in Thursday as disappointing inflation and manufacturing data led investors to believe that the odds of a post-2015 Fed rate hike were growing. The Dow Jones Industrial Average index rose 217.00 points, or 1.3%, to 17,141.75 and the S&P500 index rallied 29.62 points, or 1.5%, to 2,023.86.
- For the month of September, US consumer prices declined the most in eight months as gasoline costs fell. However, a steady pick-up in the prices of other goods and services suggested that inflation was set to go up. CPI fell 0.2% MoM, meeting the market estimate, and was unchanged YoY, slightly higher than the market estimate of a 0.1% decline. Not including volatile food and energy prices, core inflation was up 0.2% MoM and 1.9% YoY. Moreover, according to the Labor Department, Americans' inflation-adjusted weekly wages fell 0.2% in September but increased 2.2% YoY.
- The number of Americans filing jobless claims for the first time fell by 7,000 to a seasonally adjusted 255,000, much lower than the market estimate of 270,000, for the week ended October 10. This marks the lowest reading since November of 1973. Meanwhile, the less-volatile four-week moving average of claims fell by 2,250 to 265,000 and continuing claims dropped by 50,000 to 2,158,000 last October 3. This is the lowest level since November 2000.
- US Treasury yields rose following the release of US core CPI, which increased more-than-expected in September and marginally supported the view of a possible rate hike within the year. The 2-year and 10-year yields increased 5 basis points each to close at 0.5968% and 2.0175%, respectively.
- European stocks broke its losing streak on Thursday with the FTSEurofirst 300 index recovering 1.4% to the trading day at the 1,425.44 level.
- The US Dollar strengthened relative to the Euro yesterday as core inflation advanced slightly from 1.8% to 1.9%, (year-on-year), despite the subdued headline figure. Despite prices in September falling 0.2% on lower gas prices, prices of non-food/energy items rose 0.2%, led by housing costs (+3.2%) and services (2.7%), to beat expectations of a 0.1% rise. The EUR/USD pair fell 0.88 US cents, or -0.77%, to close yesterday's trading at the 1.1386 level.

Asia Pacific

October 16, 2015

- Both the Nikkei and CSI 200 rallied yesterday on expectations of more stimulus action from Japanese authorities, given the recently reported weak industrial production and under-utilization and increased liquidity in China, where loans grew 30% to CNY 1.05 trillion (vs CNY 810 Bn, August) as of 9M'15A. The CSI 300 and Nikkei rose 80.70 points (+2.37%, day-on-day) and 205.90 points (+1.15%, day-on-day), respectively, to close the day at 3,486.82 and 18,096.90.

Key Indicators

October 16, 2015

EQUITIES BENCHMARK INDICES	15-Oct-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,045.40	1.74%	-0.86%	-0.62%	-2.56%
MSCI World USD Index	1,675.77	1.38%	0.73%	2.56%	-3.23%
MSCI All Country Asia Pacific ex-Japan Total Returns	365.43	1.88%	2.63%	7.99%	-6.03%
MSCI Europe USD Index	1,582.67	1.00%	0.82%	2.48%	-2.78%
FTSEurofirst 300 Index	1,425.44	1.40%	-0.14%	1.42%	3.52%
Dow Jones Industrial Average Index	17,141.75	1.28%	0.53%	3.26%	-4.97%
Standard & Poor's 500 Index	2,023.86	1.49%	0.52%	2.31%	-3.19%
YIELDS AND PRICES	15-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)	109.249	0.30	0.39	0.84	1.00
ROP2034 (Price)	134.218	0.86	1.73	0.43	0.34
3-Month US Treasury Yield	-0.0051	0.00%	-0.01%	-0.06%	-0.01%
2-year US Treasury Yield	0.5968	0.05%	-0.04%	-0.21%	-0.11%
10-year US Treasury Yield	2.0175	0.05%	-0.09%	-0.27%	-0.18%
30-year US Treasury Yield	2.8624	0.03%	-0.08%	-0.21%	0.09%
3-Month German Treasury Bill Yield	-0.347	-0.01%	0.01%	0.03%	-0.16%
Dubai Crude Oil Spot (\$/bbl)	46.28	-0.86%	-6.28%	3.95%	-17.81%
1-month Nymex oil futures (\$/bbl)	46.38	-0.56%	-6.17%	4.01%	-13.49%
Gold Spot (\$/oz)	1,183.10	-0.09%	3.87%	7.04%	-0.02%
USD/PHP (PDEX close)	45.850	(0.15)	(0.26)	(0.92)	1.13

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of October 15, 2015					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	134.00	+ 2.49	+ 1.89	
Australia	S&P/ASX 200 Index	5,230.05	+ 32.79	+ 0.63	
China	Shanghai SE Comp Index	3,338.07	+ 75.63	+ 2.32	
Hong Kong	Hang Seng Index	22,888.17	+ 448.26	+ 2.00	
India	SENSEX	27,010.14	+ 230.48	+ 0.86	
Indonesia	Jakarta Composite Index	4,507.20	+ 24.12	+ 0.54	
Japan	Nikkei 225	18,096.90	+ 205.90	+ 1.15	
Malaysia	KLCI	1,713.25	+ 2.11	+ 0.12	
New Zealand	NZX 50 Index	5,775.71	+ 48.58	+ 0.85	
Singapore	Straits Times Index	3,015.14	+ 31.22	+ 1.05	
South Korea	KOSPI	2,033.27	+ 23.72	+ 1.18	
Taiwan	TWSE	8,601.52	+ 79.01	+ 0.93	
Thailand	SET Index	1,425.32	+ 20.24	+ 1.44	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)									
	15-Oct-15	14-Oct-15	Difference			15-Oct-15	14-Oct-15	Difference	
1 month	2.4221	3.2405	-	0.818	4 year	3.7100	3.7423	-	0.032
3 month	1.7717	1.7992	-	0.027	5 year	3.4875	3.4899	-	0.002
6 month	1.5570	1.5590	-	0.002	7 year	4.1850	4.2063	-	0.021
1 year	2.2800	2.2783	+	0.002	10 year	3.6655	3.6855	-	0.020
2 year	2.6274	2.6417	-	0.014	20 year	5.1117	5.1500	-	0.038
3 year	3.1040	3.1026	+	0.001					

Date	Philippines	Period Covered	Date	US	Period Covered
10/19/2015	Philippines BOP	Sep	10/16/2015	US Industrial Production MOM SA	Sep
			10/16/2015	University of Michigan Consumer Sentiment Index	Oct P
			10/16/2015	US Foreign Net Transactions	Aug
			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 16
			10/22/2015	US Initial Jobless Claims SA	Oct 10
			10/22/2015	US Continuing Jobless Claims SA	Oct 3
			10/22/2015	FHFA US House Price Index Purchase Only MoM% SA	Aug
			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