

## Local

- The local equities market increased after a seven-day decline due to positive economic data within China which rallied in several regional markets. The PSE index went up by 77.12 points or 1.06%, closing at 7,389.30. All indices were green led by mining & oil (+2.55%) and financials (+1.27%). Market breadth was positive with 132 advances and 54 declines while 40 were unchanged. Total value turnover was at Php7.38 billion. Foreigners were net sellers at Php418.44 million.
- BIR prefers compromise and mediation as opposed to litigation because the latter would take a long time and would not help the taxpayer or the government in raising revenues. BIR Commissioner Caesar R. Dulay added that taxpayers may avail of the compromise settlement program—which is subjected to the approval of the BIR—in instances such as disputed tax assessments and financial incapacity to fully pay the assessed tax. However, he emphasized that a settlement would not fully dissolve the liability of the taxpayer and would still be required to pay a portion of what they owe.
- According to George S.K. Ty, GT Capital Holdings, Inc. (PSE ticker: GTCAP) will issue a maximum of P12 billion offering which includes approximately 5% dividend rate for Series A and Series B perpetual preferred shares. The offer period is scheduled October 17-21 and the listing date for Oct. 27. The company intends to sell the securities for P1,000 each and net about P7.95 billion or P11.93 billion should they fully exercise the oversubscription option. The company plans to use the proceeds of the issuance for the refinancing of its acquisition of a stake in Metro Pacific Investments Corp. (PSE ticker: MPI) and additional investment in Property Company of Friends, Inc.
- In the local fixed income space, prices of government securities fell with investors staying on the sidelines ahead of Fed Chair Janet Yellen's speech last Friday. Yields have increased by an average of 7.24 bps, led by the short and long-end of the curve which rose by 35.9 bps and 0.2 bps. Meanwhile, the belly declined by 11.5 bps.
- The Peso depreciated against the US Dollar due to a better-than-expected Chinese inflation data. The USD / PHP rose by 10 centavos or 0.21%, closing at 48.440.

## US and Europe

- US stocks rebounded on the back of Fed Chair Yellen's dovish commentary. She said that running a "high-pressure economy" could be beneficial especially in reversing the negative effects of the Great Recession. The Dow Jones Industrial Average rose 39.44 points, or 0.22%, to 18,138.38 while the S&P 500 added 0.43 points, or 0.02%, to 2,312.98.
- US retail sales rose by 0.6% in September, following a 0.2% contraction experienced in August. The recovery was led by the improved auto sales and increased gasoline prices. Nevertheless, sales ex-gas and autos still grew at its fastest pace in three months at 0.3%. Meanwhile, spending at restaurants and bars surged 0.8%. In contrast, sales at electronics and appliance stores fell by 0.9%. Core sales, the indicator used in the calculation of GDP, increased by only 0.1% MoM and 2.5% YoY.
- Consumer sentiment in the US declined to its lowest level in 13 months during the first few days of October. The index fell almost four points to 87.9 from 91.2 in September, greatly disappointing market estimates of 91.8. The index sponsor, University of Michigan, said that the uncertainty brought by the looming presidential elections may have contributed to the decline.
- US Treasuries ended the week flat due to increasing signs of uptick on inflation expectation in the US and China. The two-year note yield barely moved, staying at the 0.835% level while the 10-year bond yield rose 5.66 bps to 1.798%.
- European markets finally recovered some ground as mining companies rose in light of an uptick in Chinese producer price inflation. The Chinese producer price inflation last grew in January 2012. Furthermore, comments from Bank of England governor Mark Carney suggest that the bank will not be forced into raising interest rates due to a sustained devaluation of the pound. The FTSE 100 (United Kingdom), CAC 40 (France), and DAX (Germany) rose by 0.51%, 1.49%, and 1.60% DoD, respectively. The FTSEurofirst 300 Index rose by 1.33%, closing at 1,341.54.
- The US dollar traded flat with a slight bias upward relative to the Euro as investors took in mixed data in the form of emerging signs of global inflation pressures, a rebound in retail sales, dovish commentary from Janet Yellen, and the weakest read on consumer sentiment in two years. The EUR/USD pair fell by 0.57 cents (-0.52%) to close last week's trading at the 1.0972 level.

## Asia Pacific

- Asian markets were mostly up last Friday has good data from China lifted investor sentiment. China's consumer price index rose 1.9% from a year earlier in September while the Producer Price Index gained 0.1% - ending China's prolonged industrial deflation and suggesting improved operating conditions for factory owners. The MSCI AC Asia Pacific Index rose 0.17%, to close at 138.16.

## Key Indicators

EQUITIES BENCHMARK INDICES					
	14-Oct-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,389.30	1.05%	-2.49%	-2.08%	6.29%
MSCI World USD Index	1,693.71	0.24%	-1.09%	0.07%	1.86%
MSCI All Country Asia Pacific ex-Japan Total Returns	388.43	-1.25%	-2.51%	1.24%	10.42%
MSCI Europe USD Index	1,440.61	1.05%	-1.45%	-1.43%	-5.39%
FTSEurofirst 300 Index	1,341.54	1.33%	0.21%	0.73%	-6.68%
Dow Jones Industrial Average Index	18,138.38	0.22%	-0.56%	0.57%	4.09%
Standard & Poor's 500 Index	2,132.98	0.02%	-0.96%	0.34%	4.36%
YIELDS AND PRICES					
	14-Oct-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.5179	0.12%	-0.05%	0.26%	-1.15%
1-Year Philippine Treasury Bill Yield (PDST-R2)	1.7786	-0.01%	0.43%	-0.38%	-0.59%
ROP2021 (Price)	108.259	0.04	(0.06)	(0.13)	(0.10)
ROP2034 (Price)	141.225	(0.18)	(1.78)	(1.62)	10.76
3-Month US Treasury Yield	0.2892	0.01%	-0.03%	-0.03%	0.13%
2-year US Treasury Yield	0.8348	0.00%	0.00%	0.08%	-0.21%
10-year US Treasury Yield	1.7977	0.06%	0.08%	0.10%	-0.47%
30-year US Treasury Yield	2.5583	0.08%	0.11%	0.11%	-0.46%
3-Month German Treasury Bill Yield	-0.854	0.02%	-0.03%	-0.12%	-0.32%
Dubai Crude Oil Spot (\$/bbl)	49.93	1.65%	1.22%	14.89%	55.40%
1-month Nymex oil futures (\$/bbl)	50.35	-0.18%	1.08%	15.53%	35.93%
Gold Spot (\$/oz)	1,251.43	-0.53%	-0.44%	-5.41%	17.90%
USD/PHP (PDEX close)	48.440	0.10	0.13	0.96	1.38

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets						
		Last Trade as of	October 14, 2016			
Country	Index	Value	DoD Change		% Change	
Asia Pacific	MSCI AC Asia Pacific Index	138.16	+	0.23	+	0.17
Australia	S&P/ASX 200 Index	5,434.03	-	1.51	-	0.03
China	Shanghai SE Comp Index	3,063.81	+	2.46	+	0.08
Hong Kong	Hang Seng Index	23,233.31	+	202.01	+	0.88
India	SENSEX	27,673.60	+	30.49	+	0.11
Indonesia	Jakarta Composite Index	5,399.89	+	59.49	+	1.11
Japan	Nikkei 225	16,856.37	+	82.13	+	0.49
Malaysia	KLCI	1,658.97	-	6.05	-	0.36
New Zealand	NZX 50 Index	7,133.26	+	13.21	+	0.19
Singapore	Straits Times Index	2,815.24	+	9.76	+	0.35
South Korea	KOSPI	2,022.66	+	7.22	+	0.36
Taiwan	TWSE	9,165.17	-	54.00	-	0.59
Thailand	SET Index	1,477.61	+	64.79	+	4.59

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)									
	14-Oct-16	13-Oct-16	Difference		14-Oct-16	13-Oct-16	Difference		
1 month	2.0723	1.3911	+	0.681	4 year	3.1050	3.0980	+	0.007
3 month	1.5179	1.4018	+	0.116	5 year	3.7882	3.7893	-	0.001
6 month	2.0536	1.4018	+	0.652	7 year	3.6542	3.6949	-	0.041
1 year	1.7786	1.7929	-	0.014	10 year	3.8570	3.8497	+	0.007
2 year	2.5539	2.4010	+	0.153	20 year	4.6946	4.6946		0.000
3 year	2.7500	3.4411	-	0.691					

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/17/2016	Philippines Overseas Filipino Workers Remittances YoY	Aug	10/17/2016	US Industrial Production MOM SA	Sep
10/17/2016	Philippines Overseas Filipino Workers Remittances	Aug	10/18/2016	US CPI Urban Consumers MoM SA	Sep
10/17/2016	Philippines Budget Balance Monthly	Aug	10/19/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 14
10/19/2016	Philippines BOP	Sep	10/19/2016	US New Privately Owned Housing Units Started by Structure Total SAAR	Sep
10/28/2016	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Sep	10/20/2016	US Initial Jobless Claims SA	Oct 15
10/28/2016	Philippines Commercial Banks Loan Outstanding Total Net YoY	Sep	10/20/2016	US Existing Homes Sales SAAR	Sep
			10/25/2016	Conference Board Consumer Confidence SA 1985=100	Oct
			10/27/2016	US Durable Goods New Orders Industries MoM SA	Sep P
			10/28/2016	GDP US Chained 2009 Dollars QoQ SAAR	3Q A
			10/28/2016	University of Michigan Consumer Sentiment Index	Oct F

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