

## Local

- The local equities market went up mirroring gains in the Wall Street overnight. The PSEi gain 10.34 points, or +0.15%, to 7,055.74. Most of the indices were red led by mining and oil (-1.25%), financials (-0.61%) and property (-0.37%). Market breadth was negative with 88 declines outnumbering 84 advances, while 50 issues were unchanged. Total value turnover reached Php8.31 billion. Foreign investors were net sellers at Php883.64 million.
- Data from the Bureau of the Treasury revealed that debt payments in August dropped by 21% due to the decline in interest and principal expenditures. The national government spent only Php24.64 billion on debt payments, Php16.46 billion of which for interest costs, and the remaining for principal payments. Domestic payments declined by 33%, reaching Php4.45 billion only, while foreign payments on amortization fell by 6% to Php3.73 billion. Year-to-date, total debt payments amounted to Php418.13 billion, up 10% from last year's figure.
- Cebu Air Inc. (PSE ticker: CEB) recorded a 7.4% increase in passenger volume for the month of August as a result of increased number of flights. Total passengers in August reached 1.52 million, bringing the eight-month tally to 12.21 million, 8.4% higher than the same period last year. Seat capacity was expanded by 6% in August and 12% in the first eight months of the year, while number of flights were also increased by 2.1% and 9.7% for the month and year-to-date, respectively. The company targets 18 million passengers for this year.
- On the local fixed income space, prices of government securities marginally rose despite the strong US data print. Yields declined by an average of 2.60 basis points as the short-, belly and long-end of the curve fell by 4.5, 0.5, and 3.5 basis points, respectively.
- The Peso depreciated as the greenback gained strength following the release of US CPI and labor data print. The USD/PHP pair rose 20 centavos, or -0.43%, to close Friday's trading at the 46.05 level.

## US and Europe

- U.S. equities ended the week with a gain as investors continued to consider the possibility of a post-2015 Fed lift-off. The Dow Jones Industrial Average index gained 74.22 points to 17,215.96 and the S&P500 index gained 9.25 points to 2,033.11.
- Industrial production in the US shrank in September, dropping by 0.2% month-on-month after August's 0.1% decline. Manufacturing production, which is the largest component of the index, fell by 0.1%.
- US consumer confidence, as measured by the University of Michigan preliminary consumer sentiment index, recovered in October. The index bounced to 92.1, beating the market estimate of 89.0 following September's final reading of 87.2. According to Richard Curtin, the survey's chief economics, "The rebound in confidence signifies that consumers have concluded that the fears expressed on Wall Street did not extend to Main Street,"
- According to the Labor Department's monthly Job Openings and Labor Turnover Survey, the US market was little changed for the month of August. Hiring, voluntary quits and involuntary layoffs/firing held steady. The number of job openings fell from July's record high of 5.668 million to 5.37 million, compared to the market estimate of 5.58 million.
- US Treasury prices declined after the release of the upwardly revised industrial production data in August, which supported dwindling views of a December Fed lift-off. Nonetheless, the declines were abated by investors considering a 2016 lift-off. The two-year note yield firmed 1 basis point to 0.6088%. Meanwhile, the 10-year bond yield gained 2 basis points to 2.0334%.
- European stocks closed the week at their five-week high as hopes of accommodative monetary policy helped to counter disappointing corporate results. The FTSEurofirst 300 index advanced 0.71% to end the week at 1,435.49.
- The US Dollar strengthened relative to the Euro last Friday, even as industrial production fell slightly (-0.2%, vs. -0.1% August). More than likely, the sharp rebound in consumer sentiment to 92.1 (U. Michigan index score) in October, beating September and consensus scores of 87.2 and 89.0, respectively, was the cause. The EUR/USD pair fell 0.38 US cents, or -0.33%, to close last week's trading at the 1.1348 level.

## Asia Pacific

- Both the Nikkei and CSI 300 rallied last Friday on improving economic prospects in the US and China. Positive US jobless claims and inflation data out of the US and continuing expectations that the BoJ will ease monetary policy at their month-end meeting carried the Nikkei. In China, meanwhile, increased lending was interpreted as a sign the economy was stabilizing. The Nikkei and CSI 300 rose 194.90 points (+1.08%, day-on-day) and 47.25 points (+1.36%, day-on-day), respectively, to close the day at 18,291.80 and 3,534.06.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>16-Oct-15</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	7,055.74	0.15%	-1.17%	-0.54%	-2.42%
MSCI World USD Index	1,683.55	0.46%	0.58%	1.80%	-2.78%
MSCI All Country Asia Pacific ex-Japan Total Returns	366.04	0.17%	1.35%	5.94%	-5.87%
MSCI Europe USD Index	1,590.90	0.52%	0.26%	1.23%	-2.28%
FTSEurofirst 300 Index	1,435.49	0.71%	0.20%	0.56%	4.25%
Dow Jones Industrial Average Index	17,215.97	0.43%	0.77%	2.84%	-4.56%
Standard & Poor's 500 Index	2,033.11	0.46%	0.90%	1.89%	-2.75%
<b>YIELDS AND PRICES</b>	<b>16-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)	109.432	0.18	0.61	1.01	1.18
ROP2034 (Price)	135.077	0.86	2.09	1.46	1.20
3-Month US Treasury Yield	0.0000	0.01%	0.00%	-0.05%	0.00%
2-year US Treasury Yield	0.6088	0.01%	-0.03%	-0.20%	-0.10%
10-year US Treasury Yield	2.0334	0.02%	-0.05%	-0.26%	-0.17%
30-year US Treasury Yield	2.8812	0.02%	-0.04%	-0.20%	0.11%
3-Month German Treasury Bill Yield	-0.336	0.01%	0.01%	0.04%	-0.15%
Dubai Crude Oil Spot (\$/bbl)	47.13	1.84%	-7.71%	5.44%	-16.30%
1-month Nymex oil futures (\$/bbl)	47.26	1.90%	-4.78%	0.23%	-11.84%
Gold Spot (\$/oz)	1,177.32	-0.49%	1.73%	5.16%	-0.50%
USD/PHP (PDEX close)	46.050	0.20	0.18	(0.60)	1.33

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>					
Last Trade as of <b>October 16, 2015</b>					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	134.51	+	0.51	+ 0.38
Australia	S&P/ASX 200 Index	5,268.21	+	38.16	+ 0.73
China	Shanghai SE Comp Index	3,391.35	+	53.28	+ 1.60
Hong Kong	Hang Seng Index	23,067.37	+	179.20	+ 0.78
India	SENSEX	27,214.60	+	204.46	+ 0.76
Indonesia	Jakarta Composite Index	4,521.88	+	14.69	+ 0.33
Japan	Nikkei 225	18,291.80	+	194.90	+ 1.08
Malaysia	KLCI	1,716.82	+	3.57	+ 0.21
New Zealand	NZX 50 Index	5,820.01	+	44.30	+ 0.77
Singapore	Straits Times Index	3,030.61	+	15.47	+ 0.51
South Korea	KOSPI	2,030.26	-	3.01	- 0.15
Taiwan	TWSE	8,604.95	+	3.43	+ 0.04
Thailand	SET Index	1,418.38	-	6.94	- 0.49

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	16-Oct-15	15-Oct-15	Difference		16-Oct-15	15-Oct-15	Difference
1 month	1.7725	2.4221	- 0.650	4 year	3.7307	3.7100	+ 0.021
3 month	2.0328	1.7717	+ 0.261	5 year	3.4885	3.4875	+ 0.001
6 month	2.2538	1.5570	+ 0.697	7 year	4.0950	4.1850	- 0.090
1 year	1.7902	2.2800	- 0.490	10 year	3.6698	3.6655	+ 0.004
2 year	2.6667	2.6274	+ 0.039	20 year	5.0033	5.1117	- 0.108
3 year	3.1063	3.1040	+ 0.002				

## Upcoming Economic Releases

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