

Local

- The local equities market ended flat as gains made during the morning session were wiped by profit-taking in the afternoon. Short rally was experienced following China's release of its GDP figure, which came in higher than expected at 6.9%. The PSEi lost 0.88 points, or -0.01%, to 7,054.86. Most of the indices ended in red, led by the services (-1.04%) and mining and oil (-0.29%). Market breadth was negative with 95 declines outnumbering 89 advances, while 30 issues were unchanged. Total value turnover reached Php5.45 billion only. Foreign investors were net sellers at Php59.1 million.
- Data released by the BSP revealed that the country's balance of payments (BOP) for the month of September reached US\$219 million, a turnaround from the previous month's US\$450 million deficit and is higher than last year's US\$98 million. Year-to-date, BOP surplus aggregates to US\$1.81 billion, much higher than the US\$3.4 billion deficit in the same period last year. The BSP attributed the strong surplus position to its foreign exchange operations and income from its foreign investments.
- Vista Land and Lifescapes, Inc.'s (PSE ticker: VLL) management is considering merging with its affiliated mall operator, Starmalls, Inc. to improve the revenue stream of the company. The two companies have a combined market value of US\$2.5 billion. The merger is expected to increase the company's recurring income stream; thus, providing more stability to its earnings.
- On the local fixed income space, prices of government securities marginally fell today even as the Chinese GDP growth figure came in better than anticipated. (+6.9% YoY vs Mkt est. +6.8% YoY). Yields rose by an average of 4.92 basis points as the short, belly and long-ends of the curve rose by 11.3, 0.6, and 3.6 basis points, respectively.
- The Peso traded sideways relative to the US Dollar today, hardly depreciating even with the positive US core inflation data and consumer sentiment release last week. More than likely, investors stayed on the sidelines waiting for US housing starts and initial jobless claims data due out starting mid-week. The USD/PHP pair rose 2 centavos, or 0.04%, to close today's trading at the 46.07 level. .

US and Europe

- US equities closed marginally higher despite a fall in crude oil prices after China released sub-7% GDP growth for the first time since 1Q09, and a behind-consensus earnings result from Morgan Stanley. The Dow Jones Industrial Average index tickled up 14.57 points to 17,230.54 and the S&P500 index inched higher by 0.55 of a single point to 2,033.66.
- For the month of October, US homebuilder confidence improved to a 10-year high. The National Association of Home Builders' housing market index climbed to 64, beating the market estimate of 62 and following the downwardly revised 61 last September. According to the chief economist at the Association, the upward momentum shows that the industry is strengthening at a gradual but consistent pace.
- According to San Francisco Federal Reserve President John Williams, the central bank is progressing toward its dual mandate of stable prices and maximum employment and should raise interest rates in the near future. He added that he believes the economy is still on a good trajectory. Furthermore, he expects inflation to stabilize and growth to persist. It is unlikely that rates would rise rapidly, but, he said, they would not want to have to get behind the curve.
- US Treasury yields rose after China's better-than-expected GDP figures boosted expectations on overseas growth. The two-year note yield fell 2 basis points to 0.5866%, while the 10-year bond yield slipped 1 basis point to 2.0228%.
- European stocks edged higher as better-than-predicted Chinese growth data and hopes of more stimuli improved sentiment. The FTSEurofirst 300 index gained 0.21% to close at 1,438.49.
- The US Dollar traded sideways with an upward bias relative to the Euro yesterday on the brightening outlook for the US housing sector. Homebuilder's confidence was up in October to 64 (NAHB index), beating an expected score of 62. Gains were tempered, though, by investors waiting for indications that the ECB will decide to intensify their monetary easing activity at their Thursday policy meeting in Malta. The EUR/USD pair fell 0.27 US cents, or -0.24%, to close last week's trading at the 1.1321 level.

Asia Pacific

- Both the Nikkei and CSI 300 traded flat yesterday, owing mostly to China's economy meeting expectations of the lowest growth in 6 years (at 6.9% for 3Q). In addition, Chinese retail sales grew faster than expected, though factory output was below target as of year-to-date, September. In Japan, meanwhile, the Nikkei was slightly down on thin trading as BoJ optimism on the economy dampened expectations of more stimulus. The Nikkei and CSI 300 fell and rose, respectively, by 160.57 points (-0.88%, day-on-day) and 0.12 points (+0.00%, day-on-day) to close the day at 18,131.23 and 3,534.18.

Key Indicators

EQUITIES BENCHMARK INDICES	19-Oct-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,054.86	-0.01%	-1.33%	-1.08%	-2.43%
MSCI World USD Index	1,679.92	-0.22%	0.33%	3.02%	-2.99%
MSCI All Country Asia Pacific ex-Japan Total Returns	366.94	0.25%	0.80%	4.58%	-5.64%
MSCI Europe USD Index	1,585.65	-0.33%	0.05%	2.29%	-2.60%
FTSEurofirst 300 Index	1,438.49	0.21%	0.57%	2.93%	4.47%
Dow Jones Industrial Average Index	17,230.54	0.08%	0.58%	5.16%	-4.48%
Standard & Poor's 500 Index	2,033.66	0.03%	0.80%	3.86%	-2.72%
YIELDS AND PRICES	19-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)	109.514	0.08	0.70	0.80	1.26
ROP2034 (Price)	135.766	0.69	2.41	0.93	1.89
3-Month US Treasury Yield	-0.0051	-0.01%	-0.01%	0.01%	-0.01%
2-year US Treasury Yield	0.5866	-0.02%	-0.05%	-0.09%	-0.12%
10-year US Treasury Yield	2.0228	-0.01%	-0.07%	-0.11%	-0.18%
30-year US Treasury Yield	2.8796	-0.00%	-0.04%	-0.06%	0.11%
3-Month German Treasury Bill Yield	-0.353	-0.02%	-0.02%	0.04%	-0.17%
Dubai Crude Oil Spot (\$/bbl)	46.37	-1.61%	-8.01%	1.13%	-17.65%
1-month Nymex oil futures (\$/bbl)	45.89	-2.90%	-2.57%	2.71%	-14.40%
Gold Spot (\$/oz)	1,170.72	-0.56%	0.59%	2.78%	-1.06%
USD/PHP (PDEX close)	46.070	0.02	0.27	(0.34)	1.35

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets				
Last Trade as of October 19, 2015				
Country	Index	Value	DoD Change	% Change
Asia Pacific	MSCI AC Asia Pacific Index	134.07	- 0.44	- 0.33
Australia	S&P/ASX 200 Index	5,269.71	+ 1.50	+ 0.03
China	Shanghai SE Comp Index	3,386.70	- 4.65	- 0.14
Hong Kong	Hang Seng Index	23,075.61	+ 8.24	+ 0.04
India	SENSEX	27,364.92	+ 150.32	+ 0.55
Indonesia	Jakarta Composite Index	4,569.84	+ 47.96	+ 1.06
Japan	Nikkei 225	18,131.23	- 160.57	- 0.88
Malaysia	KLCI	1,718.20	+ 1.38	+ 0.08
New Zealand	NZX 50 Index	5,834.83	+ 14.82	+ 0.25
Singapore	Straits Times Index	3,024.50	- 6.11	- 0.20
South Korea	KOSPI	2,030.27	+ 0.01	+ 0.00
Taiwan	TWSE	8,631.50	+ 26.55	+ 0.31
Thailand	SET Index	1,416.91	- 1.47	- 0.10

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	19-Oct-15	16-Oct-15	Difference		19-Oct-15	16-Oct-15	Difference
1 month	1.8033	1.7725	+ 0.031	4 year	3.7183	3.7307	- 0.012
3 month	2.2983	2.0328	+ 0.266	5 year	3.4824	3.4885	- 0.006
6 month	2.4183	2.2538	+ 0.165	7 year	4.1594	4.0950	+ 0.064
1 year	1.7824	1.7902	- 0.008	10 year	3.6734	3.6698	+ 0.004
2 year	2.6472	2.6667	- 0.020	20 year	5.1083	5.0033	+ 0.105
3 year	3.1091	3.1063	+ 0.003				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/27/2015	Philippines External Balance of Trade	Aug	10/20/2015	US New Privately Owned Housing Units Started by Structure Total SAAR	Sep
10/27/2015	Philippines External Trade Imports YoY	Aug	10/21/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 16
10/27/2015	Philippines External Trade Imports	Aug	10/22/2015	US Initial Jobless Claims SA	Oct 17
10/30/2015	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Sep	10/22/2015	US Existing Homes Sales SAAR	Sep
10/30/2015	Philippines Commercial Banks Loan Outstanding Total Net YoY	Sep	10/27/2015	US Durable Goods New Orders Industries MoM SA	Sep
			10/27/2015	Conference Board Consumer Confidence SA 1985=100	Oct
			10/29/2015	Federal Funds Target Rate - Upper Bound	Oct 28
			10/29/2015	GDP US Chained 2009 Dollars QoQ SAAR	3Q A
			10/30/2015	US Personal Income MoM SA	Sep
			10/30/2015	University of Michigan Consumer Sentiment Index	Oct F

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