

Local

- The local equities market marginally increased, still on low volumes, due to the lack of significant catalysts. The PSEi gained 5.99 points, or +0.09%, to 7,060.85. Most of the indices ended in red, led by the property (-0.78%) and financials (-0.41%). Market breadth was negative with 103 declines outnumbering 81 advances, while 39 issues were unchanged. Total value turnover reached Ph5.64 billion only. Foreign investors were net sellers at Php643.27 million.
- The Bangko Sentral ng Pilipinas (BSP) has introduced more stringent rules for BSP-supervised financial institutions (BSFIs) regarding treasury activities. It highlights the importance of the role played by the Board of Directors and Senior Management in setting a good example; thus, requiring new qualifications for their appointment. The regulator also expects the BSFIs to have codes of conduct specific to the treasury unit. Non-compliance will lead to appropriate supervisory enforcement actions set out under the Circular No. 875.
- In its annual stockholders' meeting, Prime Orion Philippines, Inc. (PSE ticker: POPI) said that it, with the control of Ayala Land, Inc. (PSE ticker: ALI), will transform Tutuban Center in Divisoria into a mixed-use development. ALI, which invested Php5.6 billion into POPI in exchange for a majority stake in the company, intends to improve the mall complex to accommodate the transfer station of the North-South Commuter Rail project. The said railway will be expected to boost daily foot traffic by 400,000 from the current 100,000.
- The Bureau of the Treasury sold Php16.22 billion pesos worth of Fixed Rate Treasury Notes (FXTNs) yesterday at a yield of 3.169%. The bond was originally issued as a five-year paper last May 2013, which currently carries a remaining term of 2 years and 7 months. The auction was slightly oversubscribed with Php36.17 billion in bids (offer size was Php25 billion), but was only partially awarded (Php16.22 billion). The bond's coupon is 2.125%.
- The Peso traded sideways with a downward bias relative to the US Dollar yesterday, tracking regional weakness versus the greenback. The US Dollar's rally was against the backdrop of confirmed lower economic growth out of China, a healthy US housing/construction sector and anticipation over the October FOMC meet next week. The USD/PHP pair rose 14 centavos, or 0.30%, to close yesterday's trading at the 46.21 level.

US and Europe

- US equities ended marginally lower following weak earnings results from tech giant IBM, causing investors to shrug off a rebound in September housing data. The Dow Jones Industrial Average index edged down 13.43 points to 17,217.11 and the S&P500 index shed 2.89 points to 2,030.77.
- US housing starts bounced back in September, holding above the 1 million unit rate for a sixth straight month. Housing starts jumped by 6.5% month-on-month, beating the market estimate of +1.4%, to a seasonally adjusted annual rate of 1.206 million. The rebound was due to a spike in multi-family units, up 18.3%, those which include apartments and condominiums. Meanwhile, single-family home starts inched up by just 0.3% to a 740,000 unit pace. New applications for building permits were down 5% to a seasonally adjusted 1.103 million.
- US treasury yields continued to decline after the release of better-than expected housing start data, up 6.5% month-on-month, which provided a positive outlook for the US economy. The two-year and ten-year yields gained 4 basis points each to close at 0.6290% and 2.0670%, respectively.
- European equities reversed yesterday's gains as energy and material stocks weighed for a second day. The FTSEurofirst 300 index dropped 0.45% to end the day at 1,431.95.
- The US Dollar traded sideways with a downward bias relative to the Euro yesterday. The greenback paused from its short winning streak as investors wait to see if the ECB will intensify its quantitative easing campaign. An expected speech by Janet Yellen arrested the US Dollar's fall, however, as the market waited for her to speak. The EUR/USD pair rose 0.19 US cents, or 0.17%, to close last week's trading at the 1.1346 level.

Asia Pacific

- Both the Nikkei and CSI 300 traded flat with an upward bias yesterday. In Japan, sector-led upgrades on Telco earnings carried the Nikkei despite the wait-and-see attitude towards major central bank meetings towards end-October. Chinese shares were up at the last minute, also, after uneventful trading for most of the day. Both the Nikkei and CSI 300 rose by 75.92 points (+0.42%, day-on-day) and 43.52 points (+1.23%, day-on-day), respectively, to close the day at 18,207.15 and 3,577.70. 8.

Key Indicators

EQUITIES BENCHMARK INDICES						
	20-Oct-15	DoD change	WoW change	MoM change	Ytd change	
Philippine Stock Exchange Index	7,060.85	0.08%	0.68%	-1.00%	-2.35%	
MSCI World USD Index	1,677.52	-0.14%	0.99%	2.87%	-3.13%	
MSCI All Country Asia Pacific ex-Japan Total Returns	365.27	-0.46%	1.35%	4.10%	-6.07%	
MSCI Europe USD Index	1,582.77	-0.18%	0.80%	2.10%	-2.78%	
FTSEurofirst 300 Index	1,431.95	-0.45%	1.04%	2.46%	4.00%	
Dow Jones Industrial Average Index	17,217.11	-0.08%	0.79%	5.08%	-4.55%	
Standard & Poor's 500 Index	2,030.77	-0.14%	1.35%	3.71%	-2.86%	
YIELDS AND PRICES						
	20-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)	109.440	(0.07)	0.46	0.73	1.19	
ROP2034 (Price)	135.517	(0.25)	2.26	0.68	1.64	
3-Month US Treasury Yield	0.0102	0.02%	0.01%	0.03%	0.01%	
2-year US Treasury Yield	0.6290	0.04%	0.01%	-0.05%	-0.08%	
10-year US Treasury Yield	2.0670	0.04%	0.02%	-0.07%	-0.14%	
30-year US Treasury Yield	2.9166	0.04%	0.03%	-0.02%	0.14%	
3-Month German Treasury Bill Yield	-0.340	0.01%	-0.00%	0.05%	-0.15%	
Dubai Crude Oil Spot (\$/bbl)	44.67	-3.67%	-5.68%	-2.57%	-20.67%	
1-month Nymex oil futures (\$/bbl)	45.55	-0.74%	-2.38%	1.95%	-15.03%	
Gold Spot (\$/oz)	1,176.04	0.45%	0.62%	3.25%	-0.61%	
USD/PHP (PDEX close)	46.210	0.14	0.13	(0.20)	1.49	

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of October 20, 2015					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	133.70	-	0.37	- 0.28
Australia	S&P/ASX 200 Index	5,235.57	-	34.14	- 0.65
China	Shanghai SE Comp Index	3,425.33	+	38.63	+ 1.14
Hong Kong	Hang Seng Index	22,989.22	-	86.39	- 0.37
India	SENSEX	27,306.83	-	58.09	- 0.21
Indonesia	Jakarta Composite Index	4,585.82	+	15.98	+ 0.35
Japan	Nikkei 225	18,207.15	+	75.92	+ 0.42
Malaysia	KLCI	1,705.03	-	13.17	- 0.77
New Zealand	NZX 50 Index	5,895.49	+	60.66	+ 1.04
Singapore	Straits Times Index	3,019.03	-	5.47	- 0.18
South Korea	KOSPI	2,039.36	+	9.09	+ 0.45
Taiwan	TWSE	8,653.60	+	22.10	+ 0.26
Thailand	SET Index	1,418.63	+	1.72	+ 0.12

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)								
	20-Oct-15	19-Oct-15	Difference		20-Oct-15	19-Oct-15	Difference	
1 month	2.0400	1.8033	+	0.237	4 year	3.7300	3.7183	+ 0.012
3 month	2.1751	2.2983	-	0.123	5 year	3.4850	3.4824	+ 0.003
6 month	2.4233	2.4183	+	0.005	7 year	4.1900	4.1594	+ 0.031
1 year	2.5167	1.7824	+	0.734	10 year	3.6729	3.6734	- 0.000
2 year	2.9719	2.6472	+	0.325	20 year	5.1067	5.1083	- 0.002
3 year	3.1515	3.1091	+	0.042				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/27/2015	Philippines External Balance of Trade	Aug	10/21/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 16
10/27/2015	Philippines External Trade Imports YoY	Aug	10/22/2015	US Initial Jobless Claims SA	Oct 17
10/27/2015	Philippines External Trade Imports	Aug	10/22/2015	US Existing Homes Sales SAAR	Sep
10/30/2015	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Sep	10/27/2015	US Durable Goods New Orders Industries MoM SA	Sep
10/30/2015	Philippines Commercial Banks Loan Outstanding Total Net YoY	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	US Personal Consumption Expenditures Nominal Dollars 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