

Local

- The local equities market inched up, taking cues from some positive developments from local names. The PSEi gained 32.05 points, or +0.45%, to 7,092.90. All the indices ended in green, led by the property (+1.32%) and services (+0.99%). Market breadth was positive with 120 advances outnumbering 62 declines, while 38 issues were unchanged. Total value turnover reached Php5.30 billion only. Foreign investors were net sellers at Php75.80 million.
- Real estate services firm, Jones Lang LaSalle (JLL), reiterated that there is no property bubble in the Philippines since strong property prices are backed by real demand. It also sees a new growth area for the industry. JLL has identified the warehousing and distribution as a new segment of the property market as a potential source of income due to the rise of e-commerce. They're speculating that Japanese manufacturers could be relocating from China. However, the firm said that there is currently a limited supply that is suitable for investors.
- In a report from the Department of Agriculture (DA), the cost of damage to agriculture in areas affected by Typhoon Lando reached Php6.4 billion, with the rice subsector suffering the most. Total damage to rice crops soared to Php5.7 billion with 383,668 metric tons (MT) of production lost in about 272,006 hectares. Losses from corn crops, on the other hand, reached Php88.32 million, equivalent to 5,954 MT production in 13,051 hectares of land. Meanwhile, the fisheries subsector lost Php20.96 million.
- On the local fixed income space, yields declined as bargain-hunting ensued following an early sell-off on the back of better US housing data. Yields declined by an average of 3.43 basis points led by the belly and short-end of the curve, which fell 5.7 and 4.7 basis points, respectively.
- The Peso traded sideways with a downward bias relative to the US Dollar once again yesterday. OFW remittances from migrant workers fell for the first time in 12 years to USD 2.04 Bn. (-0.60%, Y-o-Y) in August after months of tempering growth due to collapsing crude oil prices affecting Filipinos in the mid-east. Also, heavy net foreign selling of equities the previous day worth USD 14 Mn. affected the market. The USD/PHP pair rose 26 centavos, or 0.56%, to close yesterday's trading at the 46.47 level.

US and Europe

- US equities ended lower as investors digested a mixed batch corporate earnings results, Hilary Clinton questioning the benefits of two big health insurer mergers and M&A deals in the tech space. The Dow Jones Industrial Average index slipped 48.50 points, or 0.3%, to 17,168.61 and the S&P500 index lost 11.83 points, or 0.6%, to 2,018.94.
- Valeant Pharmaceuticals International Inc. stocks fell sharply following the release of a research report entitled, "Valeant: Could this be the Pharmaceutical Enron?" The report was negative on the company, raising questions about Valeant's relationship with a specialty pharmacy known as Philidor, through which it sells some of its pharmaceuticals. According to the report, "Citron believes Valeant's drug distribution structure is a fraud to create invoices to deceive the auditors and book revenue. It is apparent to Citron that Valeant has created a network of "pharmacies" as clones of Philidor."
- US Treasuries rallied overnight as investors sought safety after the release of a series of negative data. Japanese exports hit a 13-month low, Chinese stocks dropped 3%, the Bank of Canada downgraded its growth outlook for the next two years, and US crude oil prices traded lower. The two-year and ten-year yields declined 1 and 4 basis points to 0.6209% and 2.0228%, respectively.
- European stocks inched marginally lower as investors remained on the sidelines in anticipation of Thursday's European Central Bank meeting. The FTSEurofirst 300 index edged down 0.02% to close at 1,431.61.
- The US Dollar recovered slightly vis-a-vis the Euro yesterday as investors continued to anticipate the outcome of the ECB's meeting in Malta today, absent further US data releases. At the top of the agenda is the decision to increase or maintain current QE in the Eurozone. The EUR/USD pair fell 0.07 US cents, or -0.06%, to close yesterday's trading at the 1.1339 level.

Asia Pacific

- The Nikkei rallied yesterday on yet more expectations of BoJ action after poor trade results out of Japan. Lower imports there implied lower consumption demand growth and exports were also below consensus. In China, meanwhile, the CSI 300 fell the most in 5 weeks prompted by a sell-off in small-cap ChiNext bourse (-6%, DoD) on steeply high valuations. The Nikkei and CSI 300 rose and fell by 347.13 points (+1.91%, day-on-day) and 104.45 points (-2.92%, day-on-day), respectively, to close the day at 18,554.28 and 3,473.25.

Key Indicators

EQUITIES BENCHMARK INDICES						
	21-Oct-15	DoD change	WoW change	MoM change	Ytd change	
Philippine Stock Exchange Index	7,092.90	0.45%	2.43%	0.01%	-1.90%	
MSCI World USD Index	1,672.87	-0.28%	1.20%	2.70%	-3.40%	
MSCI All Country Asia Pacific ex-Japan Total Returns	364.50	-0.21%	1.62%	5.86%	-6.26%	
MSCI Europe USD Index	1,584.18	0.09%	1.10%	2.99%	-2.69%	
FTSEurofirst 300 Index	1,431.61	-0.02%	1.84%	1.43%	3.97%	
Dow Jones Industrial Average Index	17,168.61	-0.28%	1.44%	3.99%	-4.82%	
Standard & Poor's 500 Index	2,018.94	-0.58%	1.24%	2.64%	-3.43%	
YIELDS AND PRICES						
	21-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)	109.317	(0.12)	0.36	0.61	1.07	
ROP2034 (Price)	134.626	(0.89)	1.27	(0.38)	0.75	
3-Month US Treasury Yield	0.0000	-0.01%	0.01%	0.02%	0.00%	
2-year US Treasury Yield	0.6209	-0.01%	0.07%	-0.09%	-0.09%	
10-year US Treasury Yield	2.0228	-0.04%	0.05%	-0.18%	-0.18%	
30-year US Treasury Yield	2.8647	-0.05%	0.03%	-0.16%	0.09%	
3-Month German Treasury Bill Yield	-0.353	-0.01%	-0.02%	0.03%	-0.17%	
Dubai Crude Oil Spot (\$/bbl)	45.01	0.76%	-3.58%	0.87%	-20.07%	
1-month Nymex oil futures (\$/bbl)	45.20	-0.77%	-3.09%	-3.17%	-15.69%	
Gold Spot (\$/oz)	1,167.18	-0.75%	-1.43%	2.98%	-1.36%	
USD/PHP (PDEX close)	46.470	0.26	0.47	0.00	1.75	

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of October 21, 2015					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	134.58	+ 0.88	+ 0.66	
Australia	S&P/ASX 200 Index	5,248.31	+ 12.73	+ 0.24	
China	Shanghai SE Comp Index	3,320.68	- 104.65	- 3.06	
Hong Kong	Hang Seng Index	22,989.22	0.00	0.00	
India	SENSEX	27,287.66	- 19.17	- 0.07	
Indonesia	Jakarta Composite Index	4,605.23	+ 19.40	+ 0.42	
Japan	Nikkei 225	18,554.28	+ 347.13	+ 1.91	
Malaysia	KLCI	1,707.11	+ 2.08	+ 0.12	
New Zealand	NZX 50 Index	5,918.26	+ 22.77	+ 0.39	
Singapore	Straits Times Index	3,025.70	+ 6.67	+ 0.22	
South Korea	KOSPI	2,042.98	+ 3.62	+ 0.18	
Taiwan	TWSE	8,609.23	- 44.37	- 0.51	
Thailand	SET Index	1,415.80	- 2.83	- 0.20	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)								
	21-Oct-15	20-Oct-15	Difference		21-Oct-15	20-Oct-15	Difference	
1 month	2.2433	2.0400	+ 0.203		4 year	3.7133	3.7300	- 0.017
3 month	2.2867	2.1751	+ 0.112		5 year	3.4906	3.4850	+ 0.006
6 month	1.9080	2.4233	- 0.515		7 year	4.1883	4.1900	- 0.002
1 year	2.5300	2.5167	+ 0.013		10 year	3.6756	3.6729	+ 0.003
2 year	2.6750	2.9719	- 0.297		20 year	5.1633	5.1067	+ 0.057
3 year	3.1775	3.1515	+ 0.026					

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/27/2015	Philippines External Balance of Trade	Aug	10/22/2015	US Initial Jobless Claims SA	Oct 17
10/27/2015	Philippines External Trade Imports YoY	Aug	10/22/2015	US Existing Homes Sales SAAR	Sep
10/27/2015	Philippines External Trade Imports	Aug	10/27/2015	US Durable Goods New Orders Industries MoM SA	Sep
10/30/2015	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Sep	10/27/2015	Conference Board Consumer Confidence SA 1985=100	Oct
10/30/2015	Philippines Commercial Banks Loan Outstanding Total Net YoY	Sep	10/28/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 16
			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