

## Local

- The local equities market continued to slip as investors booked profits taking into account recent rallies. The PSEi lost 40.91 points, or -0.53%, to end at 7,609.31. Most of the sectors ended in red, led by the holding firms (-1.01%) and the financials (-0.74%). Market breadth was negative with 94 declines outnumbering 74 advances, while 57 issues remained unchanged. Total value turnover reached Php4.69 billion. Foreigners were net sellers at Php108.0 million.
- In a report from the Department of Tourism (DOT), foreign tourist arrivals in the Philippines breached the four million mark as of the end of August 2016, 12.59% higher than the 3.59 million recorded in the same period last year. For August alone, tourists reached 502,739, 4.59% higher than August 2015. The country's top source market remained to be Korea with 976,499 tourist arrivals, with the US coming in second at 584,149, and China at 484,567. Total revenues from these tourists reached Php164.25 billion, up 7.92% from the same period last year.
- Gokongwei-led Robinsons Land Corp. (PSE ticker: RLC) launched The Residences at The Westin Manila Sonata Place, a luxury mixed-use project within the Ortigas Center. The company expects to sell over half of the residential units next year which cumulatively are worth Php6 billion. This project is in partnership with Starwood Asia Pacific Hotels and Resorts Ptd. Ltd. The Residences will offer 344 units with 47 to 255 sqm at prices ranging from Php9.33 million to Php50.74 million.
- In the local fixed income space, prices of government securities rose, particularly on the short-end, as investors positioned ahead of US 3rd quarter GDP data. Yields decreased by an average of 6.86 bps, with the short-end, belly, and long-end declining by 11.7 bps, 5.2 bps, and 3.3 bps, respectively.
- The Peso weakened against the US Dollar despite news of President Duterte bringing home \$24 Bn in investments from China as investors fled to the relative safety of the Dollar. The USD / PHP pair fell by 14 centavos or 0.29%, closing at 48.19.

## US and Europe

- US stocks rebounded on the back of a number of new regarding mergers and acquisitions including the announcement of AT&T's planned acquisition of Time Warner. The Dow Jones Industrial Average gained 77.32 points, or +0.43%, to 18,223.03 while the S&P 500 added 10.17 points, or +0.47%, to 2,151.33.
- The Markit "flash" US Manufacturing Purchasing Managers' index rebounded to 53.2 in October, much better than market estimates of 51.1 and from the previous month's reading of 51.5. The strong uptick was attributed to stronger output and new business growth, which offsets the softer job hiring. It was reported that manufacturing production has increased for the fifth consecutive month while incoming new orders picked up at the fastest pace for 12 months.
- Several Fed officers released statements yesterday which were on the dovish side. St. Louis Federal Reserve President James Bullard said he thinks that only one increase in the Fed Funds rate will be required in the next 2-3 years. Meanwhile, the Fed President from Chicago, Charles Evans, believes that the central bank may need to keep interest rates lower for longer to show its commitment to reaching its 2% inflation target.
- US Treasuries retreated after the release of solid manufacturing data in the US and ahead of the FOMC meeting next week. The two-year note yield rose by 1.65 bps to 0.840% level while the 10-year bond yield increased by 3.00 bps to 1.765%.
- European markets were mixed with a slight downward bias yesterday despite an improvement in manufacturing numbers. IHS Markit's "flash" manufacturing PMI for the eurozone rose to a 30-month high of 53.3 in October from 52.6 in September, market consensus was 52.7 for the PMI. The services PMI hit a nine-month high of 53.5 from 52.2, market consensus was 52.4. The FTSE 100 (United Kingdom) fell by 0.5% while CAC 40 (France) and DAX (Germany) rose by 0.4% and 0.5%, respectively. The FTSEurofirst 300 Index fell by 0.04%, closing at 1,358.52.
- The US dollar traded flat with a slight upward bias relative to the Euro as US manufacturing numbers indicated stronger output and new business growth. The EUR/USD pair rose by 0.07 cents (+0.06%) to close at the 1.0891 level.

## Asia Pacific

- Asian markets broadly gained yesterday as the MSCI AC Asia Pacific Index gained 0.21%, to close at 140.01 on the back of stronger than expected import-export data from Japan. Japan's Ministry of Finance reported that September exports were off 6.9% from a year earlier—the 12th straight month of declines—as a stronger yen continued to hurt manufacturers. Imports were off 16.3%, the 21st straight month of contraction. The decline in exports was less than the 10.6% expected by economists surveyed by WSJ.

## Key Indicators

EQUITIES BENCHMARK INDICES	24-Oct-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,609.31	-0.53%	3.41%	-1.48%	9.45%
MSCI World USD Index	1,706.24	0.30%	1.09%	-1.36%	2.61%
MSCI All Country Asia Pacific ex-Japan Total Returns	393.66	-0.38%	1.23%	-1.37%	11.90%
MSCI Europe USD Index	1,443.41	0.12%	1.07%	-3.02%	-5.20%
FTSEurofirst 300 Index	1,358.52	-0.04%	1.97%	-0.08%	-5.50%
Dow Jones Industrial Average Index	18,223.03	0.43%	0.76%	-0.21%	4.58%
Standard & Poor's 500 Index	2,151.33	0.47%	1.17%	-0.62%	5.25%
YIELDS AND PRICES	24-Oct-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.3184	-0.32%	-0.22%	-1.43%	-1.35%
1-Year Philippine Treasury Bill Yield (PDST-R2)	1.6243	-0.01%	-0.18%	-0.50%	-0.75%
ROP2021 (Price)	108.404	(0.02)	0.22	(0.57)	0.04
ROP2034 (Price)	140.887	0.12	0.28	(5.50)	10.42
3-Month US Treasury Yield	0.3196	-0.01%	0.02%	0.15%	0.16%
2-year US Treasury Yield	0.8399	0.02%	0.03%	0.09%	-0.21%
10-year US Treasury Yield	1.7647	0.03%	-0.00%	0.15%	-0.50%
30-year US Treasury Yield	2.5171	0.03%	-0.00%	0.17%	-0.50%
3-Month German Treasury Bill Yield	-0.863	-0.01%	-0.01%	-0.12%	-0.32%
Dubai Crude Oil Spot (\$/bbl)	48.03	0.02%	-0.72%	7.52%	49.49%
1-month Nymex oil futures (\$/bbl)	50.52	-0.65%	1.16%	13.58%	36.39%
Gold Spot (\$/oz)	1,264.52	-0.14%	0.69%	-5.47%	19.13%
USD/PHP (PDEX close)	48.190	(0.14)	(0.34)	0.20	1.13

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		October 24, 2016			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	140.01	+	0.30	+ 0.21
Australia	S&P/ASX 200 Index	5,408.49	-	21.83	- 0.40
China	Shanghai SE Comp Index	3,128.25	+	37.31	+ 1.21
Hong Kong	Hang Seng Index	23,604.08	+	229.68	+ 0.98
India	SENSEX	28,179.08	+	101.90	+ 0.36
Indonesia	Jakarta Composite Index	5,421.00	+	11.75	+ 0.22
Japan	Nikkei 225	17,234.42	+	49.83	+ 0.29
Malaysia	KLCI	1,677.76	+	7.78	+ 0.47
New Zealand	NZX 50 Index	6,958.40		0.00	0.00
Singapore	Straits Times Index	2,856.68	+	25.62	+ 0.90
South Korea	KOSPI	2,047.74	+	14.74	+ 0.73
Taiwan	TWSE	9,322.50	+	15.93	+ 0.17
Thailand	SET Index	1,500.37		0.00	0.00

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)								
	24-Oct-16	21-Oct-16	Difference		24-Oct-16	21-Oct-16	Difference	
1 month	1.4571	1.5946	-	0.138	4 year	3.1260	3.1231	+ 0.003
3 month	1.3184	1.6339	-	0.316	5 year	3.9179	3.9375	- 0.020
6 month	1.4230	1.4241	-	0.001	7 year	3.8570	4.1571	- 0.300
1 year	1.6243	1.6368	-	0.013	10 year	3.7921	3.8922	- 0.100
2 year	2.5418	2.4579	+	0.084	20 year	4.7982	4.7964	+ 0.002
3 year	3.6804	3.7054	-	0.025				

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/28/2016	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Sep	10/25/2016	Conference Board Consumer Confidence SA 1985=100	Oct
10/28/2016	Philippines Commercial Banks Loan Outstanding Total Net YoY	Sep	10/26/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 21
11/4/2016	Philippines CPI All items YoY% 2006=100	Oct	10/27/2016	US Initial Jobless Claims SA	Oct 22
11/4/2016	Philippines CPI All items MoM% 2006=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
			11/1/2016	ISM Manufacturing PMI SA	Oct
			11/3/2016	Federal Funds Target Rate - Upper Bound	Nov 2
			11/4/2016	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Oct

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