

Local

- The local equities market went up after the European Central Bank (ECB) signaled to provide further stimulus measures within its economy. The PSEi gained 118.60 points, or +1.67%, to close the week at 7,236.38 level. All indices ended in green, led by services (+2.51%) and mining & oil (+2.02%). Market breadth was positive with 119 advances outnumbering 56 declines, while 40 issues were unchanged. Total value turnover reached Php8.11 billion. Foreign investors were net sellers at Php299.28 million.
- According to the BSP's third quarter 2015 Senior Bank Loan Officers' Survey, overall credit standards for commercial real estate loans tightened for the 13th consecutive quarter. Banks surveyed reported stricter collateral requirements and loan covenants together with wider loan margins, reduced credit line sizes, shorter loan maturities, and increased use of interest rate floors for commercial real estate loans. Nonetheless, the banks still expect increased demand in the fourth quarter on the back of the clients' improved economic outlook.
- The power generation arm of San Miguel Corp. (PSE ticker: SMC), San Miguel Energy Corp. (SMEC), filed a plunder case versus Power Sector Assets and Liabilities Management Corp. (PSALM) for allowing the Sual power plant's operators to sell off a portion of its power production. It meant that SMEC may get less than the guaranteed 1,000-megawatt (MW) net contracted capacity ordered to it by the National Power Corp. (Napocor). The complainant mentioned further that PSALM violated Sections 3(e) and 3(f) of Anti-Graft and Corrupt Practices Act since the independent power producers to whom the excess capacity was sold to did not even pay a fee for it.
- On the local fixed income space, prices of government securities rose marginally as market players remained on the sidelines awaiting for the FOMC meeting next week. Yields dropped by an average of 7.60 basis points led as the short-, belly, and long-end of the curve decline by 20.5, 1.6, and 0.4 basis point, respectively.
- The Peso regained strength versus the US dollar after ECB said Thursday that they might continue their quantitative easing beyond 2016. The USD/PHP pair lost 20 centavos, or 0.43%, to close week trading at the 46.44 level.

US and Europe

- U.S. equities rallied on Friday, boosted by strong earnings results from some tech companies, further monetary easing from China, and the prospect of more stimulus measures from the European Central Bank. The S&P500 index rose 22.64 points, or 1.1%, to 2,075.15 and the Dow Jones Industrial Average index climbed 157.54 points, or 0.9%, to 17,646.70.
- Manufacturing activity in the world's largest economy increased to an unexpected five-month high last October. Markit's flash purchasing-managers' index rose to 54.0, beating the market estimate of 52.3, following September's 53.1. According to the report, survey respondents were mainly optimistic about improving domestic demand and better pricing power through global economic uncertainty and lower spending across the energy sector acted as brakes on activity.
- US Treasury yields climbed as the 25-basis point cut on China's one-year benchmark bank lending rate bolstered investors' appetite for equities. The two-year and ten-year yields rose 4 bps and 6 bps to end the week at 0.6413% and 2.0866%, respectively.
- European stocks jumped after China surprised with a 25bps cut in interest rates just one day after ECB had hinted at stronger stimulus measures. The Ftseurofirst 300 soared 28.52 points, or +1.95% to close at the 1,490.63 level.
- The US Dollar strengthened markedly vis-a-vis the Euro last Friday on better manufacturing output as of October and a more dovish ECB and PBoC. October's manufacturing gauge, the Markit Flash PMI, unexpectedly recovered to 54.0 from 53.1 in September, beating consensus of 52.3. Elsewhere, the ECB left the door open to more aggressive QE in the Eurozone come December, but stopped short of immediate action. And, in China, the PBoC cut interest rates for the 6th time within a year, lowering the 1Y BM bank lending rate, 1Y BM deposit rate and reserve ratio by 25, 25 and 50 basis points, respectively. The EUR/USD pair fell 0.91 US cents, or -0.82%, to close last week's trading at the 1.1018 level.

Asia Pacific

- Both the Nikkei and CSI 300 rallied last Friday on accommodative action and commentary out of the PBoC and ECB. After its Thursday meeting, the ECB signalled the need for more aggressive QE by as early as December. In China, meanwhile, the PBoC cut rates for the 6th time within a year, reducing the 1-year benchmark lending, deposit rates and the reserve ratio requirements by between 25 and 50 basis points. The Nikkei and CSI 300 rallied by 389.43 points (+2.11%, day-on-day) and 46.71 points (+1.33%, day-on-day), respectively, to close the Friday at 18,825.30 and 3,571.24.

Key Indicators

EQUITIES BENCHMARK INDICES	23-Oct-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,236.38	1.67%	2.56%	4.47%	0.08%
MSCI World USD Index	1,706.61	1.02%	1.37%	6.89%	-1.45%
MSCI All Country Asia Pacific ex-Japan Total Returns	369.04	1.46%	0.82%	10.13%	-5.10%
MSCI Europe USD Index	1,602.09	0.79%	0.70%	7.95%	-1.59%
FTSEurofirst 300 Index	1,490.63	1.95%	3.84%	9.11%	8.26%
Dow Jones Industrial Average Index	17,646.70	0.90%	2.50%	8.40%	-2.17%
Standard & Poor's 500 Index	2,075.15	1.10%	2.07%	7.03%	-0.74%
YIELDS AND PRICES	23-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)	109.398	0.08	(0.03)	0.94	1.15
ROP2034 (Price)	135.483	0.52	0.41	1.56	1.61
3-Month US Treasury Yield	0.0000	0.00%	0.00%	-0.01%	0.00%
2-year US Treasury Yield	0.6413	0.04%	0.03%	-0.06%	-0.07%
10-year US Treasury Yield	2.0866	0.06%	0.05%	-0.06%	-0.12%
30-year US Treasury Yield	2.9008	0.04%	0.02%	-0.04%	0.13%
3-Month German Treasury Bill Yield	-0.362	-0.01%	-0.03%	0.01%	-0.18%
Dubai Crude Oil Spot (\$/bbl)	44.22	-1.40%	-6.17%	-3.64%	-21.47%
1-month Nymex oil futures (\$/bbl)	44.60	-1.72%	-5.63%	0.27%	-16.81%
Gold Spot (\$/oz)	1,164.56	-0.13%	-1.08%	3.03%	-1.58%
USD/PHP (PDEX close)	46.440	(0.20)	0.39	(0.39)	1.72

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
		Last Trade as of October 23, 2015			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	135.80	+ 1.93	+ 1.44	
Australia	S&P/ASX 200 Index	5,351.57	+ 87.72	+ 1.67	
China	Shanghai SE Comp Index	3,412.43	+ 43.70	+ 1.30	
Hong Kong	Hang Seng Index	23,151.94	+ 306.57	+ 1.34	
India	SENSEX	27,470.81	+ 183.15	+ 0.67	
Indonesia	Jakarta Composite Index	4,653.15	+ 68.58	+ 1.50	
Japan	Nikkei 225	18,825.30	+ 389.43	+ 2.11	
Malaysia	KLCI	1,710.93	+ 5.84	+ 0.34	
New Zealand	NZX 50 Index	5,970.67	+ 47.06	+ 0.79	
Singapore	Straits Times Index	3,068.46	+ 30.35	+ 1.00	
South Korea	KOSPI	2,040.40	+ 17.40	+ 0.86	
Taiwan	TWSE	8,673.81	+ 65.35	+ 0.76	
Thailand	SET Index	1,416.14	0.00	0.00	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	23-Oct-15	22-Oct-15	Difference		23-Oct-15	22-Oct-15	Difference
1 month	2.1753	2.2933	- 0.118	4 year	3.7033	3.7217	- 0.018
3 month	1.8700	2.2983	- 0.428	5 year	3.4896	3.4928	- 0.003
6 month	2.2767	2.4183	- 0.142	7 year	4.1683	4.1967	- 0.028
1 year	2.4017	2.5333	- 0.132	10 year	3.6766	3.6740	+ 0.003
2 year	3.3233	3.3567	- 0.033	20 year	5.1350	5.1500	- 0.015
3 year	3.1747	3.1713	+ 0.003				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/27/2015	Philippines External Balance of Trade	Aug	10/27/2015	US Durable Goods New Orders Industries MoM SA	Sep
10/27/2015	Philippines External Trade Imports YoY	Aug	10/27/2015	Conference Board Consumer Confidence SA 1985=100	Oct
10/27/2015	Philippines External Trade Imports	Aug	10/28/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 23
10/30/2015	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Sep	10/29/2015	Federal Funds Target Rate - Upper Bound	Oct 28
10/30/2015	Philippines Commercial Banks Loan Outstanding Total Net YoY	Sep	10/29/2015	US Initial Jobless Claims SA	Oct 24
11/5/2015	Philippines CPI All items YoY% 2006=100	Oct	10/29/2015	GDP US Chained 2009 Dollars QoQ SAAR	3Q A
11/5/2015	Philippines CPI All items MoM% 2006=100	Oct	10/30/2015	University of Michigan Consumer Sentiment Index	Oct F
11/6/2015	Philippines Gross Intl Reserves	Oct	11/2/2015	ISM Manufacturing PMI SA	Oct
			11/6/2015	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Oct
			11/6/2015	U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted	Oct

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