

Local

- The local equities market rallied in response to China's monetary easing announced last Friday. The PSEi gained 88.02 points, or +1.22%, to close at 7,324.40 level. All indices ended in green, led by services (+2.47%) and property (+1.80%). Market breadth was positive with 116 advances outnumbering 70 declines, while 32 issues were unchanged. Total value turnover reached Php8.39 billion. Foreign investors were net buyers at Php673.94 million.
- Bank deposits rose 7.3% to Php6.8 trillion during the first seven months of the year. The growth was lower than last month's 8.2%. Savings and demand deposits which increased by 9% and 12.3%, respectively, remained to be the primary sources of funds for the banking system. Gross non-performing loan ratio improved to 2.4% as of end-June this year from 2.7% last year while net non-performing loan also fell to 0.6% from 0.7%.
- Union Bank of the Philippines (PSE ticker: UBP) reported net income of Php3.67 billion for the first nine months of the year, 39% lower than last year's Php6.0 billion. The decline was due to significantly lower trading gains and higher expenses. Trading gains were reported to be at only Php236 million, just a tenth of last year's Php2.36 billion. Net interest income was Php3.14 billion, slightly down from Php3.17 billion the prior year.
- On the local fixed income space, prices of government securities rose today as global risk-on sentiment ensued following China's move to further ease its monetary policy, and the European Central Bank's hints of more stimulus measures. Yields declined by an average of 2.53 basis points as the short-end of the curve fell by 10.5 basis points. Meanwhile, the belly and long-end of the curve marginally rose by 1.8 and 0.9 basis points, respectively.
- The Peso traded sideways today with a downward bias relative to the US Dollar past the weekend. This was part of robust greenback strength against a broad range of currencies, following the dovish tone of commentary at the end of last week's ECB meeting and China's decision to cut interest rates for the 6th time so far this year. The USD/PHP pair rose 10 centavos, or 0.22%, to close today's trading at the 46.54 level.

US and Europe

- U.S. equities closed mixed as a fall in natural gas prices dampened sentiment on energy stocks and as investors remained cautious ahead of more corporate earnings results due for the week, and the FOMC meeting. The Dow Jones Industrial Average index dipped 23.65 points to 17,623.05 and the S&P500 index declined 3.97 points, or 0.2%, to 2,071.18.
- US new home sales fell by 11.5% YoY in September, much lower than the market estimate of -0.6%, to a seasonally adjusted annual rate of 468,000 units. This was the lowest level since November 2014, following the 529,000 rate last August. Meanwhile, stocks of new homes for sale rose by 4.2% to 225,000, the highest level since March 2010. At September's sales pace, it would take about 5.8 months to clear the supply of houses on the market.
- US Treasury prices rose on Monday as bargain hunting ensued after yields rose to close at the highest level in two weeks last Friday. The two- and 10-year bond yields dropped 0.8 and 3.2 bps to 0.633% and 2.055%, respectively.
- European equities fell back despite better-than-expected data on German business sentiment. The FTSEurofirst 300 index gave back 6.11 points, or 0.4%, to 1,484.52.
- For the month of October, German business confidence weakened marginally, signaling that the economy remained resilient despite the challenges of the slowdown in emerging markets, as well as the scandal from Volkswagen. The business climate index fell to a three-month low of 108.2, slightly higher than the market estimate of 107.8, from 108.5 last September.
- The US Dollar gave up some of its gains relative to the Euro yesterday after its week-long rally. US new-home sales were lower by 11.5% to 468,000 last September, capping off the strong summer selling season and inventories of new homes grew 4.2% to 225,000, the highest since March of 2010. The greenback's drop was tempered, however, by Weaker German business confidence, which registered a 3-month low index score of 108.2 for September and anticipation over this week's FOMC meet. The EUR/USD pair rose 0.40 US cents, or 0.36%, to close yesterday's trading at the 1.1058 level.

Asia Pacific

- Both the Nikkei and CSI 300 rallied yesterday, tracking global equities strength on the risk-on inertia created by PBoC easing last Friday. In Japan, though, the investors' impatience with no immediate easing by the BoJ sapped the Nikkei's strength at the last moment, while in China news that the Renminbi was closer to inclusion in the IMF's SDR added fuel to the fire. The Nikkei and CSI 300 rallied by 121.82 points (+0.65%, day-on-day) and 18.02 points (+0.50%, day-on-day), respectively, to close the Friday at 18,947.12 and 3,589.26.

Key Indicators

EQUITIES BENCHMARK INDICES	26-Oct-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,324.40	1.22%	3.82%	5.88%	1.30%
MSCI World USD Index	1,704.98	-0.10%	1.49%	6.92%	-1.54%
MSCI All Country Asia Pacific ex-Japan Total Returns	369.48	0.12%	0.69%	10.56%	-4.99%
MSCI Europe USD Index	1,598.18	-0.24%	0.79%	6.72%	-1.83%
FTSEurofirst 300 Index	1,484.52	-0.41%	3.20%	8.00%	7.81%
Dow Jones Industrial Average Index	17,623.05	-0.13%	2.28%	8.02%	-2.30%
Standard & Poor's 500 Index	2,071.18	-0.19%	1.84%	7.24%	-0.93%
YIELDS AND PRICES	26-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)	109.391	(0.01)	(0.12)	1.25	1.14
ROP2034 (Price)	135.481	(0.00)	(0.28)	2.85	1.61
3-Month US Treasury Yield	0.0153	0.02%	0.02%	0.04%	0.02%
2-year US Treasury Yield	0.6372	-0.00%	0.05%	-0.05%	-0.07%
10-year US Treasury Yield	2.0564	-0.03%	0.03%	-0.11%	-0.15%
30-year US Treasury Yield	2.8686	-0.03%	-0.01%	-0.09%	0.10%
3-Month German Treasury Bill Yield	-0.371	-0.01%	-0.02%	-0.00%	-0.19%
Dubai Crude Oil Spot (\$/bbl)	44.43	0.47%	-4.18%	-0.80%	-21.10%
1-month Nymex oil futures (\$/bbl)	43.98	-1.39%	-4.16%	-3.76%	-17.96%
Gold Spot (\$/oz)	1,163.03	-0.13%	-0.66%	1.45%	-1.71%
USD/PHP (PDEX close)	46.540	0.10	0.47	(0.32)	1.82

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets						
		Last Trade as of	October 26, 2015			
Country	Index	Value	DoD Change	% Change		
Asia Pacific	MSCI AC Asia Pacific Index	136.45	+	0.65	+	0.48
Australia	S&P/ASX 200 Index	5,347.99	-	3.57	-	0.07
China	Shanghai SE Comp Index	3,429.58	+	17.15	+	0.50
Hong Kong	Hang Seng Index	23,116.25	-	35.69	-	0.15
India	SENSEX	27,361.96	-	108.85	-	0.40
Indonesia	Jakarta Composite Index	4,691.71	+	38.57	+	0.83
Japan	Nikkei 225	18,947.12	+	121.82	+	0.65
Malaysia	KLCI	1,706.79	-	4.14	-	0.24
New Zealand	NZX 50 Index	5,970.67		0.00		0.00
Singapore	Straits Times Index	3,083.07	+	14.61	+	0.48
South Korea	KOSPI	2,048.08	+	7.68	+	0.38
Taiwan	TWSE	8,745.36	+	71.55	+	0.82
Thailand	SET Index	1,424.16	+	8.02	+	0.57

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	26-Oct-15	23-Oct-15	Difference		26-Oct-15	23-Oct-15	Difference
1 month	1.4577	2.1753	- 0.718	4 year	3.7283	3.7033	+ 0.025
3 month	1.9883	1.8700	+ 0.118	5 year	3.4981	3.4896	+ 0.009
6 month	2.3133	2.2767	+ 0.037	7 year	4.1750	4.1683	+ 0.007
1 year	2.5453	2.4017	+ 0.144	10 year	3.6775	3.6766	+ 0.001
2 year	3.3517	3.3233	+ 0.028	20 year	5.1617	5.1350	+ 0.027
3 year	3.1938	3.1747	+ 0.019				

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