

Local

- The local equities market sank, falling below the 7,500-level, ahead of several market-moving events such as the US elections, the Fed meeting and the local corporate earnings releases. The PSEi lost 85.81 points, or -1.13% to close at 7,494.41. All sectors ended in red, led by the services (-1.77%), financials (-1.48%), and property (-1.30%). Market breadth was negative with 137 declines outnumbering 56 advances, while 38 issues remained unchanged. Total value turnover reached Php6.25 billion. Foreigners were net sellers at Php613.26 million.
- Listed holding firm Aboitiz Equity Ventures Inc. (PSE ticker: AEV) earned Php17.1 billion during the first nine months of the year, 44% higher than the Php11.9 billion reported in the same period last year. Its power business through Aboitiz Power Corp. (PSE ticker: AP) accounted for bulk of its income or 63%, reaching Php11.6 billion, which likewise saw a significant growth of 24%. This was followed by the banking and financial services at 22%, food at 7% and the remaining at 1%. Its banking arm, UnionBank, contributed Php4 billion, representing a 178% growth.
- Trade Secretary Ramon Lopez said that at least 200,000 new jobs for Filipinos are expected to be generated by the multibillion-dollar potential deals brought home by the President during his three-day visit in Japan. They disclosed that there were 12 memoranda of understanding worth around US\$1.5 billion likely signed. Currently, Japan is the country's largest trading partner with over US\$18 billion in total trade.
- In the local fixed income space, prices of government securities marginally fell as sentiment due to some profit taking as investors waited on the sidelines for US 3rd quarter GDP data. Yields fell by an average of 9.48 bps, with the short-end, belly, and long-end of the curve declining by 4.2 bps, 19.0 bps, and 0.6 bps, respectively.
- The Peso weakened against the US dollar despite statements from the BSP suggesting soundness in the banking system as profit-taking on peso holders intensified. The USD / PHP pair fell by 5 centavos or 0.01%, closing at 48.335.

US and Europe

- US stocks were mixed with the S&P 500 falling due to the collapse of Apple Inc. while the Dow Jones rose as Boeing Inc. reported robust earnings. The Dow Jones Industrial Average gained 30.06 points, or +0.17%, to 18,199.33 while the S&P 500 lost 3.73 points, or -0.17%, to 2,139.43.
- New home sales in September rose 3.1% to 593,000 following a decline in August. Year-on-year, sales were up 30%. Nonetheless, there were sharp downward revisions to the August number (575,000 from 609,000) and July (629,000 from 629,000). It was also reported that prices rose 6.7% for the month to a median of US\$313,500. Economists say that the demand for new homes continue to be robust due to the positive employment situation and low mortgage rates.
- US trade deficit in goods narrowed sharply in September to US\$56.1 billion compared to US\$59.2 billion in August. Exports in September rose 0.9%, driven by capital goods which increased 3.8%. Exports of consumer goods likewise rose by 4.4% and industrial supplies were up 2.3%. In contrast, imports fell 1.1%. Despite this, auto sales still rose 4.3%.
- US Treasuries fell as good economic data led investors to anticipate strong third quarter GDP number to come out towards the end of the week. The two-year note yield rose by 1.62 bps to 0.869% while the 10-year bond yield gained 3.71 bps to 1.793%.
- European markets closed lower again yesterday on the back of losses from energy companies and disappointing news from the financial sector. The decline in energy companies was slightly abated by news from the U.S. Energy Information Administration unexpectedly indicating a decline in domestic crude supplies by 600,000 barrels in the week ended Oct. 21 (compared to market expectations of an increase by 400,000 barrels). The FTSE 100 (United Kingdom) and CAC 40 (France) both fell by .09% while the DAX (Germany) rose by .02%. The FTSEurofirst 300 Index fell by 0.35%, closing at 1,349.80.
- The US dollar traded flat with a slight upward bias relative to the Euro as investor consensus over a December US Fed rate hike solidifies. The EUR/USD pair rose by 0.46 cents (+0.42%) to close at the 1.0925 level.

Asia Pacific

- Asian markets marginally fell yesterday as the MSCI AC Asia Pacific Index lost 0.36%, to close at 139.92. The decline was in line with those in Wall Street as disappointing earnings and economic reports weigh down investor sentiment. US-companies Under Armour and Whirlpool disappointed investors with their 3rd quarter earnings and so did US consumer confidence data suggesting cautious households in the face of lagging growth and the upcoming presidential elections.

Key Indicators

EQUITIES BENCHMARK INDICES					
	26-Oct-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,494.41	-1.13%	-2.94%	-1.81%	7.80%
MSCI World USD Index	1,699.92	-0.08%	-0.40%	-0.87%	2.23%
MSCI All Country Asia Pacific ex-Japan Total Returns	396.57	0.19%	0.27%	0.35%	12.73%
MSCI Europe USD Index	1,437.76	0.13%	-0.92%	-2.28%	-5.58%
FTSEurofirst 300 Index	1,349.80	-0.35%	-0.41%	0.86%	-6.10%
Dow Jones Industrial Average Index	18,199.33	0.17%	-0.02%	0.58%	4.44%
Standard & Poor's 500 Index	2,139.43	-0.17%	-0.23%	-0.31%	4.67%
YIELDS AND PRICES					
	26-Oct-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.5518	0.08%	0.33%	0.06%	-1.11%
1-Year Philippine Treasury Bill Yield (PDST-R2)	1.5916	-0.00%	-0.21%	0.14%	-0.78%
ROP2021 (Price)	108.452	0.04	0.22	(0.35)	0.09
ROP2034 (Price)	140.640	(0.04)	(0.02)	(4.28)	10.17
3-Month US Treasury Yield	0.3247	-0.01%	-0.01%	0.14%	0.16%
2-year US Treasury Yield	0.8685	0.02%	0.07%	0.13%	-0.18%
10-year US Treasury Yield	1.7931	0.04%	0.05%	0.21%	-0.48%
30-year US Treasury Yield	2.5412	0.04%	0.03%	0.22%	-0.47%
3-Month German Treasury Bill Yield	-0.865	-0.01%	-0.00%	-0.12%	-0.33%
Dubai Crude Oil Spot (\$/bbl)	46.16	-3.45%	-5.33%	7.22%	43.67%
1-month Nymex oil futures (\$/bbl)	49.18	-1.56%	-4.69%	7.08%	32.78%
Gold Spot (\$/oz)	1,267.00	-0.53%	-0.18%	-5.30%	19.37%
USD/PHP (PDEX close)	48.335	(0.01)	0.18	0.09	1.28

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of October 26, 2016					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	139.92	-	0.50	0.36
Australia	S&P/ASX 200 Index	5,359.80	-	83.03	1.53
China	Shanghai SE Comp Index	3,116.31	-	15.63	0.50
Hong Kong	Hang Seng Index	23,325.43	-	239.68	1.02
India	SENSEX	27,836.51	-	254.91	0.91
Indonesia	Jakarta Composite Index	5,399.68	+	1.86	0.03
Japan	Nikkei 225	17,391.84	+	26.59	0.15
Malaysia	KLCI	1,673.92	-	3.51	0.21
New Zealand	NZX 50 Index	6,896.21	-	106.66	1.52
Singapore	Straits Times Index	2,828.57	-	25.48	0.89
South Korea	KOSPI	2,013.89	-	23.28	1.14
Taiwan	TWSE	9,362.25	-	23.40	0.25
Thailand	SET Index	1,492.12	-	14.35	0.95

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)									
	26-Oct-16	25-Oct-16	Difference		26-Oct-16	25-Oct-16	Difference		
1 month	1.5339	1.4429	+	0.091	4 year	3.6393	3.0840	+	0.555
3 month	1.5518	1.4768	+	0.075	5 year	3.9393	3.9268	+	0.013
6 month	1.4050	1.3991	+	0.006	7 year	4.2357	3.8343	+	0.401
1 year	1.5916	1.5954	-	0.004	10 year	3.8037	3.8008	+	0.003
2 year	2.6286	2.6008	+	0.028	20 year	4.8304	4.8161	+	0.014
3 year	3.6607	3.7054	-	0.045					

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/28/2016	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Sep	10/27/2016	US Initial Jobless Claims SA	Oct 22
10/28/2016	Philippines Commercial Banks Loan Outstanding Total Net YoY	Sep	10/27/2016	US Durable Goods New Orders Industries MoM SA	Sep P
11/4/2016	Philippines CPI All items YoY% 2006=100	Oct	10/28/2016	GDP US Chained 2009 Dollars QoQ SAAR	3Q A
11/4/2016	Philippines CPI All items MoM% 2006=100	Oct	10/28/2016	University of Michigan Consumer Sentiment Index	Oct F
			11/1/2016	ISM Manufacturing PMI SA	Oct
			11/2/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 21
			11/3/2016	Federal Funds Target Rate - Upper Bound	Nov 2
			11/3/2016	US Manufacturers New Orders Total MoM SA	Sep
			11/4/2016	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Oct
			11/4/2016	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, The Wall Street Journal, CNBC