

October 28, 2015

Local

- The local equities market ended flat as investors locked in gains made in the prior week. The PSEi gained 1.36 points, or +0.02%, to close at 7,325.76 level. Sectoral indices ended mixed property (+1.35%) led the gainers while the services (-1.98%) lost the most. Market breadth was negative with 91 declines outnumbering 72 advances, while 54 issues remain unchanged. Total value turnover reached Php6.76 billion. Foreign investors were net buyers at Php540.72 million.
- Data from the Philippine Statistics Office (PSA) showed that imports grew at a slower pace in August due to the weaker demand in minerals and transport equipment. Total imports were recorded at US\$6.08 billion, 4.1% higher than last year's US\$5.84 billion. This growth is slower compared to the same month last year which clocked in at 5% and last month's 16.9% expansion. Year-to-date, imports totaled US\$43.65 billion, 1.5% higher than the same period last year. Meanwhile, the country's balance of trade stood at a deficit of US\$953.89 million as of August, more than double of last year's US\$373.28 million deficit.
- Gokongwei-led Robinsons Land Corp. (PSE ticker: RLC) disclosed yesterday that it acquired the right to use an 8.5-hectare property in Chengdu, China. The company plans to build residential projects with a commercial component on the property. According to the company, the property is highly accessible to transportation routes, business facilities, sports, entertainment and dining destinations. It goals to become the leader in mixed-use developments in the Chinese market.
- On the local fixed income space, prices of government securities rose today as investors adopted a wait-and-see mode ahead of the results of the FOMC meeting set to conclude this week. Yields also tracked the downward movement in the 10Y US Treasuries overnight. Yields declined by an average of 15.31 basis points as the short-end, belly and long-end of the curve, fell 29, 13.4 and 0.2 basis points, respectively.
- The Peso traded sideways with a downward bias relative to the US Dollar once again yesterday. Net buying interest in the greenback prevailed again as traders rebalanced to safe-haven assets ahead of the October FOMC meeting. The USD/PHP pair rose 18 centavos, or 0.39%, to close yesterday's trading at the 46.72 level.

US and Europe

- U.S. equities ended lower on Tuesday amid falling oil prices and marked caution ahead of the FOMC meeting. The Dow Jones Industrial Average index lost 41.62 points, or -0.24%, to close at 17,581.43 and the S&P500 index lost 5.29 points, or -0.26%, to 2,065.89.
- US new orders for durable goods declined by a seasonally adjusted 1.2% in September from last month, according to the Commerce Department. This posted the second consecutive monthly drop. Meanwhile, non-defense capital goods orders excluding aircraft slipped 0.3% following the downwardly revised 1.6% decline in August. Economists had originally forecasted orders to be unchanged following the upwardly revised August figure. Manufacturing in general has been hindered by a strong dollar and spending cuts in the energy sector. Manufacturing, which accounts for 12% of the economy, has been hit by efforts of businesses to reduce an inventory oversupply
- For the month of October, the Conference Board's consumer confidence index fell to 97.6 in October, following September's 9-month high of 102.6. According to the director of economic indicators at the Board, "Consumers still rate current conditions favorably, but they do not anticipate the economy strengthening much in the near-term," Less people surveyed for the business research group described jobs as "plentiful" compared to in September.
- US Treasury prices rose for a second day following weak durable goods data for the month of September, which reinforced the view of a 3Q15 slowdown for the US. Thus supported demand for low-risk government securities. The two- and 10-year bond yields both dropped 2 bps to 0.6209% and 2.0370%, respectively.
- European equities fell on a mixed bag of corporate earnings results and slower-than-expected 3Q15 growth from the UK. GDP growth in the UK rose by just 0.5% in Q3, lower than the 0.7% reported in Q2, and lower than analyst expectations of 0.6%. The FTSEurofirst300 index fell 0.99% to 1,469.82.
- The US Dollar fell again yesterday, relative to the Euro, as durable goods orders declined for the month of September. The headline figure, which includes civilian aircraft and defense spending, fell for a second consecutive month, shedding 1.2% in September. Non-volatile goods orders likewise fell by 0.3%, worse than the expected 0.2%. The EUR/USD pair rose 0.22 US cents, or 0.20%, to close yesterday's trading at the 1.1056 level.

Asia Pacific

- The Nikkei fell on directionless trading yesterday on concern the BoJ may have little room left to maneuver for more easing above their current pace of 888 trillion Yen per year and as electronics suppliers linked to Apple Computer declined ahead of the latter's earnings release. The Nikkei and CSI 300 fell and rose by 170.08 points (-0.90%, day-on-day) and 3.62 points (+0.10%, day-on-day), respectively, to close the Yesterday at 18,777.04 and 3,592.88.

Key Indicators

EQUITIES BENCHMARK INDICES	27-Oct-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,325.76	0.02%	3.75%	5.90%	1.32%
MSCI World USD Index	1,696.24	-0.51%	1.12%	6.37%	-2.05%
MSCI All Country Asia Pacific ex-Japan Total Returns	368.26	-0.33%	0.82%	10.20%	-5.30%
MSCI Europe USD Index	1,581.27	-1.06%	-0.09%	5.59%	-2.87%
FTSEurofirst 300 Index	1,469.82	-0.99%	2.64%	6.93%	6.75%
Dow Jones Industrial Average Index	17,581.43	-0.24%	2.12%	7.76%	-2.53%
Standard & Poor's 500 Index	2,065.89	-0.26%	1.73%	6.97%	-1.18%
YIELDS AND PRICES	27-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)	109.368	(0.02)	(0.07)	1.23	1.12
ROP2034 (Price)	135.418	(0.06)	(0.10)	2.79	1.54
3-Month US Treasury Yield	0.0153	0.00%	0.01%	0.04%	0.02%
2-year US Treasury Yield	0.6209	-0.02%	-0.01%	-0.07%	-0.09%
10-year US Treasury Yield	2.0370	-0.02%	-0.03%	-0.13%	-0.17%
30-year US Treasury Yield	2.8592	-0.01%	-0.06%	-0.10%	0.09%
3-Month German Treasury Bill Yield	-0.376	-0.01%	-0.04%	-0.01%	-0.19%
Dubai Crude Oil Spot (\$/bbl)	43.78	-1.46%	-1.99%	-2.25%	-22.25%
1-month Nymex oil futures (\$/bbl)	43.20	-1.77%	-5.16%	-5.47%	-19.42%
Gold Spot (\$/oz)	1,166.87	0.33%	-0.78%	1.79%	-1.39%
USD/PHP (PDEX close)	46.720	0.18	0.51	(0.14)	2.00

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of October 27, 2015					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	135.89	-	0.56	- 0.41
Australia	S&P/ASX 200 Index	5,346.15	-	1.84	- 0.03
China	Shanghai SE Comp Index	3,434.34	+	4.75	+ 0.14
Hong Kong	Hang Seng Index	23,142.73	+	26.48	+ 0.11
India	SENSEX	27,253.44	-	108.52	- 0.40
Indonesia	Jakarta Composite Index	4,674.06	-	17.65	- 0.38
Japan	Nikkei 225	18,777.04	-	170.08	- 0.90
Malaysia	KLCI	1,696.95	-	9.84	- 0.58
New Zealand	NZX 50 Index	6,001.02	+	30.36	+ 0.51
Singapore	Straits Times Index	3,052.53	-	30.54	- 0.99
South Korea	KOSPI	2,044.65	-	3.43	- 0.17
Taiwan	TWSE	8,701.32	-	44.04	- 0.50
Thailand	SET Index	1,424.05	-	0.11	- 0.01

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	27-Oct-15	26-Oct-15	Difference		27-Oct-15	26-Oct-15	Difference
1 month	1.4307	1.4577	- 0.027	4 year	3.7100	3.7283	- 0.018
3 month	1.4396	1.9883	- 0.549	5 year	3.4913	3.4981	- 0.007
6 month	2.2867	2.3133	- 0.027	7 year	4.1667	4.1750	- 0.008
1 year	1.9894	2.5453	- 0.556	10 year	3.6751	3.6775	- 0.002
2 year	2.7285	3.3517	- 0.623	20 year	5.1567	5.1617	- 0.005
3 year	3.1788	3.1938	- 0.015				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/30/2015	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Sep	10/28/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 23
10/30/2015	Philippines Commercial Banks Loan Outstanding Total Net YoY	Sep	10/29/2015	Federal Funds Target Rate - Upper Bound	Oct 28
11/5/2015	Philippines CPI All items YoY% 2006=100	Oct	10/29/2015	US Initial Jobless Claims SA	Oct 24
11/5/2015	Philippines CPI All items MoM% 2006=100	Oct	10/29/2015	GDP US Chained 2009 Dollars QoQ SAAR	3Q A
11/5/2015	Philippines Core Inflation YoY 2006=100	Oct	10/30/2015	US Personal Income MoM SA	Sep
11/6/2015	Philippines Gross Intl Reserves	Oct	10/30/2015	University of Michigan Consumer Sentiment Index	Oct F
			11/2/2015	ISM Manufacturing PMI SA	Oct
			11/3/2015	US Manufacturers New Orders Total MoM SA	Sep
			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