

Local

- The local equities market retreated due to profit-taking ahead of the FOMC meeting. The PSEi lost 36.50 points, or -0.50%, to close at 7,289.26 level. Most of the indices ended in red, led by the property (-1.41%) and services (-1.03%). Market breadth was negative with 87 declines outnumbering 84 advances, while 38 issues remain unchanged. Total value turnover reached Php39.15 billion. Foreigners were net sellers at Php122.75 million.
- According to World Bank Group's Doing Business 2016 report, the Philippines' ranking in terms of ease of doing business dropped six notches to 103rd to last year's 97th spot across 189 economies. Despite the decline, the country was recognized by the World Bank Group for the improvement in communications between the Securities and Exchange Commission and the Social Security System. The National Competitiveness Council (NCC) and Finance Secretary Cesar Purisima expressed disappointment on the outcome of the survey citing that the methodology used did not appropriately capture reforms made.
- Century Pacific Food, Inc. (PSE ticker: CNPF) acquired 100% of Century Pacific Agricultural Ventures, Inc. (CPAVI), a coconut products manufacturer. The transaction price was set at Php4.5 billion which was cited by the company as being at a meaningful discount to CPAVI's estimated value. The investment is expected to increase CNPF's net profit by 7-8% next year. Half of the transaction price will be funded by cash while the remaining will be financed through the issuance of new shares to its parent at Php17.55 apiece.
- On the local fixed income space, prices of government securities declined today despite the weak economic data from the US as profit-taking dominated. Yields rose by an average of 10.89 basis points as the short-end of the curve increased by 33.1 bps, the belly ended flat, and the long-end of the curve fell 0.6 basis points.
- The Peso slightly appreciated against the dollar on expectations of a dovish Fed statement amid weak economic data releases. Poor durable goods orders, services PMI and consumer sentiment led investors to speculate that the rate hike will likely be delayed. The USD/PHP pair fell 4 centavos, or 0.09%, to close today's trading at the 46.76 level.

US and Europe

- US equities endured a volatile session before closing with strong gains despite a modestly hawkish Fed statement that signaled a potential December 2015 lift-off. The Dow Jones Industrial Average index rose 198.09 points to 17,779.52 and the S&P500 index rallied 24.46 points to 2,090.35.
- The Federal Reserve maintained its zero-interest rate policy, though officials also kept doors open to a tightening policy at its December meeting. In the statement, officials did not repeat that global risks would likely impact on the US economy. Moreover, they noted jobs growth has slowed and the unemployment rate held steady, but "underutilization of labor resources has diminished." The Fed will meet again at the December 15-16 meeting.
- The US advanced trade balance for September showed that trade deficit narrowed to US\$58.63 billion (better than the market estimate of US\$64.3 billion), from a US\$66.6 billion deficit in August. Exports of goods rebounded 2.4% having tumbled 3.1% in August, while imports of goods fell 2.6% to more than reverse July's 1.8% uptick.
- US Treasury prices fell back following the Fed's hawkish tone during its FOMC meeting. The 2 and 10-year bond yields rose 8 and 5.3 bps to 0.70% and 2.10%, respectively.
- European equities gained ground as investors positively received a rally in oil prices and expanded monetary policy measures from the central bank. The FTSEurofirst300 index rose 15.03 points to 1,484.85.
- The US Dollar rose markedly vis-a-vis the Euro yesterday following the much anticipated Fed decision to leave interest rates unchanged this October FOMC meeting. While the outcome was expected, post-meeting commentary had a more hawkish tone and pointedly emphasized that December would be a clear opportunity to begin normalizing US monetary policy given that risks and outlook to the economy were "nearly balanced". The EUR/USD pair fell 1.28 US cents, or 1.16%, to close yesterday's trading at the 1.0923 level.

Asia Pacific

- The Nikkei rose on marginally better retail sales-led corporate earnings ahead of this week's FOMC and BoJ meetings. The CSI 300, however, fell on profit-taking as geopolitical considerations involving the perceived intrusion of a US warship in what China considers its own territorial waters affected outlook and sentiment in Chinese financial markets. The Nikkei and CSI 300 rose and fell by 125.98 points (+0.67%, day-on-day) and 67.96 points (-1.89%, day-on-day), respectively, to close the Yesterday at 18,903.02 and 3,524.92.

Key Indicators

EQUITIES BENCHMARK INDICES	28-Oct-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,289.26	-0.50%	2.77%	6.95%	0.81%
MSCI World USD Index	1,714.13	1.05%	2.47%	9.88%	-1.02%
MSCI All Country Asia Pacific ex-Japan Total Returns	365.34	-0.80%	0.23%	9.36%	-6.05%
MSCI Europe USD Index	1,600.56	1.22%	1.03%	9.02%	-1.69%
FTSEurofirst 300 Index	1,484.85	1.02%	3.72%	10.47%	7.84%
Dow Jones Industrial Average Index	17,779.52	1.13%	3.56%	11.11%	-1.43%
Standard & Poor's 500 Index	2,090.35	1.18%	3.54%	11.08%	-0.01%
YIELDS AND PRICES	28-Oct-15	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.9743	0.53%	-0.31%	0.29%	-0.40%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.1931	0.20%	-0.34%	0.29%	-0.23%
ROP2021 (Price)	109.337	(0.03)	0.02	1.28	1.09
ROP2034 (Price)	135.064	(0.35)	0.44	2.74	1.19
3-Month US Treasury Yield	0.0356	0.02%	0.04%	0.04%	0.04%
2-year US Treasury Yield	0.7029	0.08%	0.08%	0.03%	-0.00%
10-year US Treasury Yield	2.1009	0.06%	0.08%	0.01%	-0.10%
30-year US Treasury Yield	2.8788	0.02%	0.01%	0.00%	0.11%
3-Month German Treasury Bill Yield	-0.389	-0.01%	-0.04%	-0.01%	-0.20%
Dubai Crude Oil Spot (\$/bbl)	43.95	0.39%	-2.36%	-0.07%	-21.95%
1-month Nymex oil futures (\$/bbl)	45.94	6.34%	1.64%	3.40%	-14.31%
Gold Spot (\$/oz)	1,156.10	-0.92%	-0.95%	2.13%	-2.30%
USD/PHP (PDEX close)	46.760	0.04	0.29	(0.02)	2.04

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of October 28, 2015					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	135.31	- 0.58	-	0.43
Australia	S&P/ASX 200 Index	5,335.22	- 10.93	-	0.20
China	Shanghai SE Comp Index	3,375.20	- 59.14	-	1.72
Hong Kong	Hang Seng Index	22,956.57	- 186.16	-	0.80
India	SENSEX	27,039.76	- 213.68	-	0.78
Indonesia	Jakarta Composite Index	4,608.74	- 65.32	-	1.40
Japan	Nikkei 225	18,903.02	+ 125.98	+	0.67
Malaysia	KLCI	1,686.51	- 10.44	-	0.62
New Zealand	NZX 50 Index	5,998.99	- 2.04	-	0.03
Singapore	Straits Times Index	3,040.51	- 12.02	-	0.39
South Korea	KOSPI	2,042.51	- 2.14	-	0.10
Taiwan	TWSE	8,665.99	- 35.33	-	0.41
Thailand	SET Index	1,409.26	- 14.79	-	1.04

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)									
	28-Oct-15	27-Oct-15	Difference			28-Oct-15	27-Oct-15	Difference	
1 month	2.0123	1.4307	+	0.582	4 year	3.7133	3.7100	+	0.003
3 month	1.9743	1.4396	+	0.535	5 year	3.5041	3.4913	+	0.013
6 month	2.2924	2.2867	+	0.006	7 year	4.1533	4.1667	-	0.013
1 year	2.1931	1.9894	+	0.204	10 year	3.6698	3.6751	-	0.005
2 year	2.7263	2.7285	-	0.002	20 year	5.1450	5.1567	-	0.012
3 year	3.1762	3.1788	-	0.003					

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/30/2015	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Sep	10/29/2015	US Initial Jobless Claims SA	Oct 24
10/30/2015	Philippines Commercial Banks Loan Outstanding Total Net YoY	Sep	10/29/2015	GDP US Chained 2009 Dollars QoQ SAAR	3Q A
11/4/2015	Philippines CPI All items YoY% 2006=100	Oct	10/30/2015	US Personal Income MoM SA	Sep
11/4/2015	Philippines CPI All items MoM% 2006=100	Oct	10/30/2015	US Personal Consumption Expenditures Nominal Dollars MoM SA	Sep
11/4/2015	Philippines Core Inflation YoY 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
			11/3/2015	US Manufacturers New Orders Total MoM SA	Sep
			11/4/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 23
			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