

Local

- The local equities bounced back, tracking regional trends once again, due to bargain-hunting and as extreme pessimism after the results of US elections were revealed partially wore off. The PSEi erased yesterday's gain after it fell 2.58% (-188.76) and closed at 7,119.04. All sectors rallied, led by the Services (+2.81%) and Industrials (+1.08%). Market breadth was positive with 135 advances and 56 declines while 45 shares were unchanged. Foreign investors were net sellers (Php501.40 million).
- Cebu Air Inc.'s (PSE ticker: CEB) nine-month net income grew by 99.6% to Php7.1 billion from Php3.56 billion last 2015. Profit growth is due to higher passenger volume, higher ticket prices, lower fuel costs and higher non-ticket revenues from baggage fees and onboard meals. Currently Cebu Pacific Air has 56 aircrafts, which according the company is a higher number compared to the same period last year as they foresee demand to remain strong.
- Bangko Sentral ng Pilipinas reported a 32% increase in net foreign direct investment (FDI) that reached \$711 million in August from \$539 million of the same month last year. Duterte's second month of administration brought the growth as the country was able to attract more foreign-led job-generating investments accompanied by sustained investor confidence. Investments on debt instruments accounted the bulk of the FDI which grew by 44.2%. All these FDI's were coursed into accommodation, food service activities, construction, financial, insurance, manufacturing and real estate.
- Local fixed income prices retreated, tracing the spike in rates in the US post the Republican sweep during the elections. The curve rose by an average of 1.21bps with the belly rising 11.8bps and the short end by 3.8bps. The short end bucked the trend, down 19.8bps.
- The Peso continued to weaken following the sharp yield increases in the US on prospects of fiscal spending by the new administration as signaled by president-elect Donald Trump. Foreign selling in the equities market continued, contributing to the peso sell-off. The Peso lost 7 centavos or 0.14% as the USD/PHP closed at 48.660.

US and Europe

- The Dow rose to its all-time record high as the Trump "reflation trade" continued. Financials ripped due to the potentially higher interest rates and after Trump's transition team promised to remove the Dodd-Frank law. The Dow Jones Industrial Average jumped 218.19 points, or 1.2%, to 18,807.88 while the S&P 500 inched up 4.22 points, or 0.2%, to 2,167.48.
- Last week's (ending November 5) initial jobless claims lost 11,000 to 254,000 (seasonally adjusted)—a little behind estimates of 260,000. The four-week moving average added 1,750 to 259,750. Meanwhile, continuing unemployment claims for the week ending October 29 rose 18,000 to 2,041,000, this compares to estimates of 2,025,000.
- St. Louis Federal Reserve bank President James Bullard announced that the Republican sweep has the potential of breaking the current policy gridlock in a potential boon for the U.S. economy. He added that the election may result in regulatory reforms and infrastructure-boosted growth. He added that he did not think Mr. Trump's criticism of the Fed nor a potential trade war will significantly alter the course of U.S. monetary policy. Richmond Fed President Jeffrey Lacker added that the central bank could hike rates faster if Trump does indeed lower taxes or increase spending to boost economic growth.
- Prospect of fiscal stimulus, especially in light of the Republican sweep that could break the policy gridlock and catalyze implementation, continues to put upward pressure to US Treasury yields. The 10-year gained 9.30bps to 2.15% and the two-year added 2.50bps to 0.915%.
- European shares slightly lost their momentum as the positive sentiment from the U.S. Presidential election began to fade. The FTSEurofirst 300 Index ended at 1,339.78 (-0.29%).
- Higher US yields contributed to the strength of the dollar. Against the euro, the dollar gained 1.73% with the EUR/USD pair ending at 1.0900.

Asia Pacific

- Asian shares rallied tremendously in-line with their global peers, as markets focused on the positives of a Trump victory. The MSCI AC Asia Pacific Index rose 2.39% and closed at 136.63 (+2.39%). Japan's Nikkei 225, Taiwan's TWSE and South Korea's KOSPI led the rally, gaining 6.72%, 2.34% and 2.26%, respectively.

Key Indicators

EQUITIES BENCHMARK INDICES	10-Nov-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,181.87	0.88%	0.29%	-4.68%	3.31%
MSCI World USD Index	1,701.29	0.28%	2.06%	-1.05%	2.32%
MSCI All Country Asia Pacific ex-Japan Total Returns	378.94	-2.39%	-1.15%	-5.13%	7.72%
MSCI Europe USD Index	1,420.69	-0.92%	0.27%	-3.34%	-6.70%
FTSEurofirst 300 Index	1,339.78	-0.29%	2.54%	-0.78%	-6.80%
Dow Jones Industrial Average Index	18,807.88	1.17%	4.89%	2.61%	7.94%
Standard & Poor's 500 Index	2,167.48	0.20%	3.77%	0.18%	6.04%
YIELDS AND PRICES	10-Nov-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.4268	0.00%	0.01%	0.07%	-1.24%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.8214	0.12%	0.92%	1.28%	0.45%
ROP2021 (Price)	107.146	(0.42)	(0.66)	(1.19)	(1.21)
ROP2034 (Price)	134.916	(2.18)	(3.61)	(8.23)	4.45
3-Month US Treasury Yield	0.4669	0.04%	0.10%	0.15%	0.30%
2-year US Treasury Yield	0.9151	0.03%	0.11%	0.09%	-0.13%
10-year US Treasury Yield	2.1501	0.09%	0.34%	0.43%	-0.12%
30-year US Treasury Yield	2.9549	0.11%	0.35%	0.50%	-0.06%
3-Month German Treasury Bill Yield	-0.880	-0.01%	-0.01%	-0.03%	-0.34%
Dubai Crude Oil Spot (\$/bbl)	43.28	1.64%	-0.92%	-11.55%	34.70%
1-month Nymex oil futures (\$/bbl)	44.66	-1.35%	0.00%	-13.03%	20.57%
Gold Spot (\$/oz)	1,258.93	-1.49%	-3.36%	-0.06%	18.61%
USD/PHP (PDEX close)	48.660	0.07	0.32	0.31	1.60

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets				
Country	Index	Last Trade as of	November 10, 2016	
Country	Index	Value	DoD Change	% Change
Asia Pacific	MSCI AC Asia Pacific Index	136.63	+ 3.19	+ 2.39
Australia	S&P/ASX 200 Index	5,328.84	+ 172.28	+ 3.34
China	Shanghai SE Comp Index	3,171.28	+ 42.91	+ 1.37
Hong Kong	Hang Seng Index	22,839.11	+ 423.92	+ 1.89
India	SENSEX	27,517.68	+ 265.15	+ 0.97
Indonesia	Jakarta Composite Index	5,450.31	+ 35.98	+ 0.66
Japan	Nikkei 225	17,344.42	+ 1092.88	+ 6.72
Malaysia	KLCI	1,652.74	+ 5.12	+ 0.31
New Zealand	NZX 50 Index	6,733.72	+ 69.51	+ 1.04
Singapore	Straits Times Index	2,834.09	+ 44.21	+ 1.58
South Korea	KOSPI	2,002.60	+ 44.22	+ 2.26
Taiwan	TWSE	9,152.18	+ 208.98	+ 2.34
Thailand	SET Index	1,514.26	+ 4.83	+ 0.32

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	10-Nov-16	9-Nov-16	Difference		10-Nov-16	9-Nov-16	Difference
1 month	1.4250	1.3964	+ 0.029	4 year	3.8446	3.6929	+ 0.152
3 month	1.4268	1.4232	+ 0.004	5 year	4.0982	3.9464	+ 0.152
6 month	1.5643	1.5614	+ 0.003	7 year	4.7554	4.7339	+ 0.021
1 year	2.8214	2.7036	+ 0.118	10 year	3.9582	4.6875	- 0.729
2 year	3.4661	3.0035	+ 0.463	20 year	4.9839	4.8500	+ 0.134
3 year	2.7000	2.9000	- 0.200				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
11/15/2016	Philippines Overseas Filipino Workers Remittances YoY	Sep	11/11/2016	University of Michigan Consumer Sentiment Index	Nov P
11/15/2016	Philippines Overseas Filipino Workers Remittances	Sep	11/15/2016	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Oct
11/17/2016	Philippines GDP Constant 2000 Prices YoY	3Q	11/16/2016	US PPI Finished Goods SA MoM%	Oct
11/17/2016	Philippines National Accounts GDP Constant 2000 Prices QoQ SA	3Q	11/16/2016	US PPI Finished Goods Less Foods & Energy SA MoM%	Oct
11/18/2016	Philippines BOP	Oct	11/16/2016	US PPI Finished Goods NSA YoY%	Oct
			11/16/2016	US PPI Finished Goods Less Foods & Energy NSA YoY%	Oct
			11/16/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Nov 11
			11/17/2016	US Initial Jobless Claims SA	Nov 5
			11/17/2016	US CPI Urban Consumers MoM SA	Oct
			11/17/2016	US New Privately Owned Housing Units Started by Structure Total SAAR	Oct

Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones, The Wall Street Journal, CNBC