

Local

- The local equities retreated on the back of foreign fund outflow as optimism brought by strong GDP print wore off. The local market did not benefit from the stock rally in other Asian markets as investors priced in potential oil production cut prior to the November 30 Vienna meeting. The Philippines is a net oil importer economy. All sectors, except Mining and Oil (+0.43%), fell. Decliners were led by the Property (-3.06%) and Holding Firms (-3.06%) sectors. Market breadth was negative, with 63 advances and 131 declines, while 37 remained unchanged. Total turnover was at Php6.96 billion. Foreign net selling amounted to Php862.21 million, worse than yesterday's Php694.43 million.
- PLDT recently said that it's planning to outsource bulk of its back-office operations for next year to cut costs, said CEO Pangilinan. Billing engine, online platform, service delivery platforms, customer relationship management, one-stop shop centers and business support systems are just some of the key operations that they plan to outsource. In addition, Mr. Pangilinan said that one of the reasons why they think outsourcing most of their IT elements will be better for the company is because they learned that technology platforms outside of the Philippines are much better than what we have here where they experienced a lot of glitches. Lastly, PLDT is looking to spend Php 40 billion for CAPEX in 2017.
- The yield for the 5-yr Treasury paper with remaining term of four years went up to 3.977 percent as the market priced in uncertainties on global markets. Treasury Bonds worth Php25 billion were granted by the Bureau of the Treasury that will be maturing on August 20, 2022 despite the 127.9 basis points increase coming from 2.698%. Tenders went up to Php26.128 billion making it oversubscribed. According to Roberto Tan, the Treasurer of the Philippines, they got a fairly healthy volume of bids despite the market situation and said that looking at the trading behavior during the past two weeks; it is going towards higher rates which he finds to be acceptable due to the direction of higher yields especially in the US.
- The local fixed income securities were basically flat day-on-day. Main mover for the day was the 4-year bond auction, wherein the average yield reached 3.977% with a coupon of 3.375%. The government received a total of Php26.13 billion pesos (\$524.61 million) in bids and accepted Php25.00 billion for the bonds which will be issued on Nov. 24. Yields inched up by 0.58 bps on average, led by the belly of the curve which rose 13.5 bps. The short-end slipped 15.6 bps while the long-end of the curve was basically unchanged, rising only by 0.6 bps.
- The peso continued to weaken against the dollar as markets stayed defensive ahead of the OPEC meeting next week. The peso lost 2 centavos or 0.04%, closing at 49.850 to a dollar.

US and Europe

- US continued reaching record highs as good housing data and positive earnings releases in select consumer names compensated for the decline in oil prices. The Dow Jones Industrial Average was up 0.35 % to 19,023.87. The Standard & Poor's 500 Index added 0.22% to close at 2,202.94.
- Existing home sales rose to highest level since the Global Financial Crisis to 5.60 million (seasonally adjusted) after registering a 2.0% mom growth in October. This translated to +6.0% YoY increase in home prices and tightening of inventory to 4.3 months of sales.
- The Richmond Fed's composite index for manufacturing leapt eight points to reach +4 (vs. mkt est: 0), as new orders rose while shipments remained flat. Hiring activity further strengthened mildly across firms while wage increases were more widespread. Prices of raw materials and finished goods increased at a more gradual pace.
- European equities benefitted from a rally in metal prices. The FTSEurofirst 300 Index was up 0.13% to 1,344.15.
- The post-US election sell-off continued, although US Treasuries ended mixed. The two-year note yield rose 1.2bps to 1.087% while the 10-year bond yield slipped 0.4bps to 2.312%.
- The EUR ended flat against the USD as the rally in metal prices was offset by elevated expectations of a December Fed rate hike. The USD lost 0.02% to close at 1.0633.

Asia Pacific

- Most Asian shares were mostly up on investor's optimism towards the OPEC deal. The market is expecting OPEC members to cut production to lift oil prices, which is a net positive to most commodity-dependent economies. The MSCI ACP Asia Pacific Index rose to 135.23, up by 0.62%.

Key Indicators

EQUITIES BENCHMARK INDICES	22-Nov-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,802.73	-2.53%	-0.79%	-11.08%	-2.15%
MSCI World USD Index	1,710.49	0.00%	0.51%	0.55%	2.87%
MSCI All Country Asia Pacific ex-Japan Total Returns	371.63	-0.06%	-0.26%	-5.60%	5.64%
MSCI Europe USD Index	1,391.88	-0.07%	-0.74%	-3.46%	-8.59%
FTSEurofirst 300 Index	1,344.15	0.13%	0.36%	-1.09%	-6.50%
Dow Jones Industrial Average Index	19,023.87	0.35%	0.53%	4.84%	9.18%
Standard & Poor's 500 Index	2,202.94	0.22%	1.03%	2.89%	7.78%
YIELDS AND PRICES	22-Nov-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.6911	-0.11%	0.25%	0.06%	-0.98%
1-Year Philippine Treasury Bill Yield (PDST-R2)	3.7682	0.11%	0.22%	2.13%	1.40%
ROP2021 (Price)	106.936	0.18	1.23	(1.48)	(1.42)
ROP2034 (Price)	131.729	0.89	1.89	(9.04)	1.26
3-Month US Treasury Yield	0.4822	0.05%	0.00%	0.16%	0.32%
2-year US Treasury Yield	1.0871	0.02%	0.09%	0.26%	0.04%
10-year US Treasury Yield	2.3119	-0.00%	0.09%	0.58%	0.04%
30-year US Treasury Yield	2.9996	0.01%	0.04%	0.52%	-0.02%
3-Month German Treasury Bill Yield	-0.790	-0.01%	-0.03%	0.06%	-0.25%
Dubai Crude Oil Spot (\$/bbl)	46.02	5.14%	10.55%	-4.16%	43.23%
1-month Nymex oil futures (\$/bbl)	48.03	1.14%	4.85%	-5.55%	29.67%
Gold Spot (\$/oz)	1,212.40	-0.16%	-1.33%	-4.25%	14.22%
USD/PHP (PDEX close)	49.850	0.02	0.68	1.52	2.79

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets						
		Last Trade as of	November 22, 2016			
Country	Index	Value	DoD Change	% Change		
Asia Pacific	MSCI AC Asia Pacific Index	135.23	+	0.83	+	0.62
Australia	S&P/ASX 200 Index	5,413.33	+	62.00	+	1.16
China	Shanghai SE Comp Index	3,248.35	+	30.20	+	0.94
Hong Kong	Hang Seng Index	22,678.07	+	320.29	+	1.43
India	SENSEX	25,960.78	+	195.64	+	0.76
Indonesia	Jakarta Composite Index	5,204.67	+	56.35	+	1.09
Japan	Nikkei 225	18,162.94	+	56.92	+	0.31
Malaysia	KLCI	1,629.32	+	2.04	+	0.13
New Zealand	NZX 50 Index	6,816.40	-	32.55	-	0.48
Singapore	Straits Times Index	2,822.20	+	5.53	+	0.20
South Korea	KOSPI	1,983.47	+	17.42	+	0.89
Taiwan	TWSE	9,133.39	+	92.28	+	1.02
Thailand	SET Index	1,485.68	+	7.38	+	0.50

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	22-Nov-16	21-Nov-16	Difference		22-Nov-16	21-Nov-16	Difference
1 month	1.6554	1.7661	- 0.111	4 year	4.0095	4.1946	- 0.185
3 month	1.6911	1.8018	- 0.111	5 year	4.8464	4.8357	+ 0.011
6 month	2.1893	2.6964	- 0.507	7 year	4.9661	4.9589	+ 0.007
1 year	3.7682	3.6625	+ 0.106	10 year	4.4170	4.4036	+ 0.013
2 year	3.9679	3.3686	+ 0.599	20 year	5.4786	5.4732	+ 0.005
3 year	4.3000	4.0583	+ 0.242				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
11/29/2016	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Oct	11/23/2016	US Initial Jobless Claims SA	Nov 19
11/29/2016	Philippines Commercial Banks Loan Outstanding Total Net YoY	Oct	11/23/2016	University of Michigan Consumer Sentiment Index	Nov F
			11/23/2016	US Durable Goods New Orders Industries MoM SA	Oct P
			11/23/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Nov 18
			11/29/2016	GDP US Chained 2009 Dollars QoQ SAAR	3Q S
			11/29/2016	Conference Board Consumer Confidence SA 1985=100	Nov
			11/30/2016	US Personal Income MoM SA	Oct
			12/1/2016	ISM Manufacturing PMI SA	Nov
			12/2/2016	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Nov

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