

Daily Matters

October 1, 2015

MARKET INDICATORS

As of September 30, 2015

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,893.98	34.69	0.51%
Dow Jones	16,284.70	235.57	1.47%
S&P 500	1,920.03	35.94	1.91%
NASDAQ	4,620.17	102.85	2.28%
MSCI Asia ex-Japan	483.23	8.26	1.74%
MSCI Emerging Market	792.05	15.70	2.02%
5 Yr FXTN	3.49	4 bps	
10 Yr US Treasury	2.04	-1 bp	
USD/PHP	46.73	-0.19	-0.40%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Banks' Foreign Currency Loans Rise in June; PH Investment Position Improves

- **Bangko Sentral ng Pilipinas (BSP):** The central bank increased the approvals for foreign currency-denominated loans of banks from a year ago as businesses borrowed funds to spend for capital needs. Loans released by the banks' foreign currency deposit units (FCDU) reached \$12.13 billion as of the end of June 2015, 4.72% higher than the \$11.583 billion recorded during the same period last year. Against the end of March, total loans fell 2.67% from \$12.463 billion as repayments exceeded disbursements.
- In a preliminary report, the BSP also showed that the country's net liability position declined to \$39.2 billion as of end June from \$43.2 billion as of end March due to a decrease in total financial liabilities. By sector, the central bank remained the only institution that posted a net external asset position as of end June.

Local Bond Market

- The yield of the benchmark 5-year bond gained 4 bps to close at 3.49%.
- The yields of bonds mostly declined with 8 yields falling and 4 rising.

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Philippine Stocks

- Continued selective stock buying propped up the Philippine stock market for a second straight day. The Philippine Stock Exchange index (PSEi) grew 0.51% or 34.69 points to close at 6,893.98. Market breadth was still negative, though, with 96 advancers, 80 decliners, and 36 issues unchanged.

Philippine Peso

- The peso bounced back amid a general correction in emerging market currencies as investors await the release of key U.S. unemployment data. The local currency closed 0.40% or 19 cents lower at 46.73.

NEWS AROUND THE WORLD

Euro area Unemployment At 11%; Japan Industrial Output Falls, Retail Sales Rise

- Eurostat: The euro area's seasonally-adjusted unemployment rate was at 11.0% in August, unchanged from the previous month and lower than the 11.5% rate during the same period last year. Germany, the currency bloc's largest economy, continued to have the lowest unemployment rate at 4.5% with Greece and Spain having the highest with almost a quarter of its working population unemployed.
- Japan Ministry of Economy, Trade, and Industry: Japan's industrial output unexpectedly fell 0.5% in August, contracting for the second straight month and lower than a 1.0% expected increase.
- In a separate report, retail sales rose 0.8% in August from a year earlier as domestic consumption remained sluggish while tourists from China propped up sales at major retail outlets in large cities. Retail sales increased less than the 1.8% pace registered in July.

US Stock Market

- U.S. markets gained, led by consumer discretionary, materials, and healthcare sectors. The main indices still ended the quarter with its worst performance in four years. (Dow Jones 1.47% 16,284.70; NASDAQ 2.28% 4,620.17; S&P 500 1.91% 1,920.03)

Asian Stocks

- Asian stocks reversed the previous day's steep losses despite lodging one of the worst quarters since the global financial crisis. The threat of higher U.S. interest rates and a weaker Chinese economy continues as an overhang towards the end of the year. The MSCI Asia-Ex Japan Index recovered 1.74% or 8.26 points to close at 483.23.

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Emerging Markets

- Emerging market stocks rallied after sliding to 3-year lows. The MSCI Emerging Markets Index surged 2.02% or 15.70 points to close at 792.05.

Sources: Bloomberg, Briefing.com, Business World, CNN, Inquirer, PhilStar, Reuters, WSJ

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