

Local

- The local equities market ended flat for the day, bringing the year's loss to only 1.96%, as investors rebalance their portfolios. The PSEi lost 5.80 points, or -0.09%, to close the year at 6,840.64. Sector performance was mixed with the services (+0.96%) leading the gainers and the industrial sector (-0.69%) leading the losers. Market breadth was positive with 117 advances outnumbering 74 declines, with 50 issues remaining unchanged. Total value turnover inched up to Php6.31 billion. Foreigners were net buyers at Php256.53 million.
- Bank lending growth further accelerated in November to 18.6%, translating to Php 5.67 trillion outstanding loans. Loans for productive activities grew by 18.1% (17.4% in October) while consumer loans grew 24.5% (22.2% in October).
- Metro Pacific Investments Corp.'s (PSE ticker: MPI) tollway unit is proposing to build Segment 5, a 9.8 kilometer road to connect Sangley Airport in San Antonio, Cavite to Manila-Cavite Expressway (CAVITEx). Project proposal to the Toll Regulatory Board is being put together as the pre-feasibility study has been finished.
- Prices of local fixed income securities likewise barely moved as investors avoided to alter positions at the last trading day of the year. Yields fell by 0.12 bps on average led by the belly which declined 4.0 bps and the long-end which lost 2.5 bps. The short-end, on the other hand, rose by 6.6 bps.
- The Philippine peso appreciated against the US dollar on bargain hunting. The PHP/USD pair lost 9.5 centavos, translating to a 0.19% appreciation, to close the year at 49.720.

US and Europe

- US equities fell during the last trading day of 2016, consistent with previous days' movement, as investors cashed in gains for the year. Nevertheless, major indices ended 2016 with about double digit return. The Dow Jones Industrial Average Index gave up 57.18 points (-0.29%) to 19,762.60; for the year, the Dow was up 13.42%. Meanwhile the S&P 500 lost 0.46% (10.43 points) day-on-day, ending the year at 2,238.83; it was up 9.54% in 2016.
- The United States government received lower filings for unemployment benefits. The recently reported US jobless claims fell to 265 K, 10 K lower than the previous print. This was also in line with consensus at 265 K.
- In the eurozone, Markit's final manufacturing Purchasing Managers Index for December was at 54.9, in line with the flash reading and the market estimate. This level is highest in almost five years, and was up from 53.7 in November. Manufacturing in Italy was strong, buoyed by output growth being the highest in the second half.
- After being battered for nearly two months, US treasuries recovered during the last day of trading in 2016 due to bargain. The US 10-yr bond yield shed 4 bps and closed at 2.44% while the 2-yr note yield lost 2 bps and closed at 1.89%.
- Euro stocks were up day-on-day, as positive momentum enabled them to end December as the best month since the last quarter of 2015; but major indices were still down in 2016. The FTSEurofirst 300 Index rose 0.24% to 1,428.40 day-on-day but was down 0.64% in 2016. The MSCI Europe USD Index was up 0.24% day-on-day but lost 0.64% in 2016.
- The US dollar strengthened against the Euro due to lack of positive catalyst from the European economy. Since markets maintained long position of the US dollar, the EUR/USD pair lost 0.34% to 1.0481.

Asia Pacific

- Asian equity indices were mixed as the MSCI AC Asia Pacific ex-Japan Index closed at 373.78, up by 0.46% day-on-day; for the year, most indices were down as sentiments towards emerging markets soured on the back of renewed concerns on China's credit and the tightening in the US.

Key Indicators

EQUITIES BENCHMARK INDICES	30-Dec-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,840.64	0.00%	4.22%	0.88%	-1.60%
MSCI World USD Index	1,751.22	-0.10%	-0.45%	2.29%	5.32%
MSCI All Country Asia Pacific ex-Japan Total Returns	373.78	0.46%	1.36%	-1.58%	6.25%
MSCI Europe USD Index	1,471.08	0.89%	1.22%	5.18%	-3.39%
FTSEurofirst 300 Index	1,428.40	0.24%	0.33%	5.74%	-0.64%
Dow Jones Industrial Average Index	19,762.60	-0.29%	-0.86%	3.34%	13.42%
Standard & Poor's 500 Index	2,238.83	-0.46%	-1.10%	1.82%	9.54%
YIELDS AND PRICES	30-Dec-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.0755	0.00%	0.29%	0.36%	-0.59%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.4520	0.00%	0.14%	-0.73%	0.08%
ROP2021 (Price)	106.310	(0.08)	(0.04)	(0.66)	(2.05)
ROP2034 (Price)	129.932	0.11	0.16	(1.15)	(0.54)
3-Month US Treasury Yield	0.4974	0.05%	-0.01%	0.02%	0.33%
2-year US Treasury Yield	1.1883	-0.02%	-0.01%	0.08%	0.14%
10-year US Treasury Yield	2.4443	-0.03%	-0.09%	0.06%	0.17%
30-year US Treasury Yield	3.0651	-0.01%	-0.05%	0.03%	0.05%
3-Month German Treasury Bill Yield	-0.986	-0.03%	-0.04%	-0.17%	-0.45%
Dubai Crude Oil Spot (\$/bbl)	53.99	1.26%	4.94%	18.22%	68.04%
1-month Nymex oil futures (\$/bbl)	53.72	-0.09%	1.32%	8.66%	45.03%
Gold Spot (\$/oz)	1,152.27	-0.51%	1.62%	-1.79%	8.56%
USD/PHP (PDEX close)	49.720	0.00	(0.05)	(0.01)	2.66

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets						
		Last Trade as of	December 30, 2016			
Country	Index	Value	DoD Change		% Change	
Asia Pacific	MSCI AC Asia Pacific Index	135.04	+	0.27	+	0.20
Australia	S&P/ASX 200 Index	5,665.80	-	33.27	-	0.58
China	Shanghai SE Comp Index	3,103.64	+	7.54	+	0.24
Hong Kong	Hang Seng Index	22,000.56	+	209.65	+	0.96
India	SENSEX	26,626.46	+	260.31	+	0.99
Indonesia	Jakarta Composite Index	5,296.71	-	5.85	-	0.11
Japan	Nikkei 225	19,114.37	-	30.77	-	0.16
Malaysia	KLCI	1,641.73	+	3.80	+	0.23
New Zealand	NZX 50 Index	6,881.22	-	11.06	-	0.16
Singapore	Straits Times Index	2,880.76	-	8.39	-	0.29
South Korea	KOSPI	2,026.46		0.00		0.00
Taiwan	TWSE	9,253.50	+	100.41	+	1.10
Thailand	SET Index	1,542.94	+	5.13	+	0.33

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	29-Dec-16	28-Dec-16	Difference		29-Dec-16	28-Dec-16	Difference
1 month	1.8933	1.9089	- 0.016	4 year	3.8814	3.8956	- 0.014
3 month	2.0755	2.0944	- 0.019	5 year	4.7426	4.7818	- 0.039
6 month	2.9464	2.3151	+ 0.631	7 year	4.8857	4.9279	- 0.042
1 year	2.4520	2.7857	- 0.334	10 year	4.6281	4.5957	+ 0.032
2 year	3.8676	3.9750	- 0.107	20 year	5.3771	5.4857	- 0.109
3 year	3.5170	3.5150	+ 0.002				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
1/5/2017	Philippines CPI All items YoY% 2006=100	Dec	1/3/2017	ISM Manufacturing PMI SA	Dec
1/5/2017	Philippines CPI All items MoM% 2006=100	Dec	1/4/2017	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Dec 30
1/5/2017	Philippines Core Inflation YoY 2006=100	Dec	1/5/2017	US Initial Jobless Claims SA	Dec 31
1/6/2017	Philippines Gross Intl Reserves	Dec	1/6/2017	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Dec
			1/6/2017	US Durable Goods New Orders Industries MoM SA	Nov F
			1/13/2017	US PPI Finished Goods SA MoM%	Dec
			1/13/2017	US PPI Finished Goods Less Foods & Energy SA MoM%	Dec
			1/13/2017	US PPI Finished Goods NSA YoY%	Dec
			1/13/2017	US PPI Finished Goods Less Foods & Energy NSA YoY%	Dec
			1/13/2017	University of Michigan Consumer Sentiment Index	Jan P

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