

Local

- The local equities index continued to rally, holding steady at the 7,200-level, as the local bourse tracked movements regionally and as foreigners remained net buyers at \$7.3 million.
- Budget Secretary Benjamin Diokno recently said that the country's GDP growth likely reached 6.9% in 2016. He also added that while Typhoon Nina hit parts of Bicol during late December, impact on agricultural production is expected to be muted during the quarter. The government is set to announce the 2016 GDP growth on Jan. 26
- Ayala Corp (PSE ticker: AC) announced its plans to issue the second tranche of its Php20 billion bond program for another Php10 billion bonds. AC intends to undertake the offering from Jan. 30 to Feb. 3, with issuance expected on Feb. 10. Proceeds from the offering will be used for its general funding requirements.
- The local fixed income market weakened as investors took the opportunity to book profits ahead of the release of the U.S non-farm payrolls report and other economic data releases in the U.S. On average, yields went up by 0.96 bps.
- The Philippine peso weakened against the dollar, as investors positioned ahead of the non-farm payrolls report. The USD/PHP closed 0.12% lower at Php49.52 to a dollar.

US and Europe

- US equities continued to rally as investors reacted to the 2.9% wage growth during December - the strongest annual gain since June 2009. The Dow Jones Industrial Average gained 64.51 points, or 0.3%, to 19,963.80, while the S&P 500 leapt 7.98 points, or 0.35%, to 2,276.98.
- U.S. nonfarm payrolls rose to 156,000 (below mkt est of 175k), leading to 2.16 million jobs added for 2016, marking the smallest annual gain since 2011. Employers hired 19,000 more workers than previously reported in October and November. The unemployment rate inched up to 4.7% (vs. mkt est: 4.7%) from November's nine-year low of 4.6% while the labor-force participation rate slightly moved up to 62.7% from 62.6%. Average hourly wages jumped 2.9% YoY (vs. mkt est: +2.8%) from 2.5% in November.
- The U.S. trade deficit widened to USD45.24 billion (vs. mkt est: deficit-USD45.6 billion), its highest level since February. Exports slipped 0.2% MoM as exports of capital goods dipped to its lowest level since September 2011. Imports jumped 1.1% (highest since August 2015).
- US treasuries tanked after the December payrolls report showed the strongest wage growth in more than 7 years at 2.9% YoY. The two-year note yield rose 4.77bps to 1.210% while the 10-year bond yield leapt 7.50bps to 2.419%.
- Euro stocks pared some of its early losses as market optimism rose because of the strong employment data in the US. The FTSEurofirst 300 Index crept lower by 0.60 points (-0.04%) to 1,444.97.
- The US dollar weakened after profit-taking continued, despite the strong employment numbers released last in the US. The EURUSD pair jumped to 1.0532 (+0.55%).

Asia Pacific

- Asian shares ended mixed, with losses from India's, China's and Japan's equity markets slightly offset by continued strengthening of ASEAN equity markets. India's SENSEX and China's SHCOMP lost 0.44% and 0.35%, respectively. Meanwhile, Malaysia's KLCI and Philippines' PSEi led the rally among ASEAN members, rising by 0.94% and 0.54%, respectively. The MSCI All Country Asia Pacific slipped 0.47% to 138.41.

Key Indicators

EQUITIES BENCHMARK INDICES	6-Jan-17	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,248.20	0.54%	5.96%	6.50%	4.26%
MSCI World USD Index	1,783.10	0.04%	1.82%	3.20%	7.24%
MSCI All Country Asia Pacific ex-Japan Total Returns	385.54	1.51%	2.66%	1.59%	9.60%
MSCI Europe USD Index	1,491.18	-0.26%	1.37%	4.50%	-2.07%
FTSEurofirst 300 Index	1,444.97	-0.04%	1.16%	6.19%	0.52%
Dow Jones Industrial Average Index	19,963.80	0.32%	1.02%	3.70%	14.57%
Standard & Poor's 500 Index	2,276.98	0.35%	1.70%	2.93%	11.40%
YIELDS AND PRICES	6-Jan-17	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.9067	-0.14%	-0.17%	0.36%	-0.76%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.6250	0.22%	0.17%	0.05%	0.25%
ROP2021 (Price)	107.449	0.11	1.14	0.90	(0.91)
ROP2034 (Price)	135.325	0.79	5.39	5.28	4.86
3-Month US Treasury Yield	0.5126	-0.00%	0.02%	0.03%	0.35%
2-year US Treasury Yield	1.2098	0.05%	0.02%	0.10%	0.16%
10-year US Treasury Yield	2.4193	0.07%	-0.03%	0.03%	0.15%
30-year US Treasury Yield	3.0088	0.06%	-0.06%	-0.07%	-0.01%
3-Month German Treasury Bill Yield	-0.979	-0.03%	0.01%	-0.06%	-0.44%
Dubai Crude Oil Spot (\$/bbl)	55.01	1.85%	1.89%	6.03%	71.21%
1-month Nymex oil futures (\$/bbl)	53.99	0.43%	0.50%	6.01%	45.76%
Gold Spot (\$/oz)	1,172.85	-0.63%	1.79%	0.27%	10.50%
USD/PHP (PDEX close)	49.520	0.06	(0.20)	(0.07)	2.46

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets						
Last Trade as of January 6, 2017						
Country	Index	Value	DoD Change	% Change		
Asia Pacific	MSCI AC Asia Pacific Index	138.41	-	0.66	-	0.47
Australia	S&P/ASX 200 Index	5,755.58	+	2.23	+	0.04
China	Shanghai SE Comp Index	3,154.32	-	11.09	-	0.35
Hong Kong	Hang Seng Index	22,503.01	+	46.32	+	0.21
India	SENSEX	26,759.23	-	119.01	-	0.44
Indonesia	Jakarta Composite Index	5,347.02	+	21.52	+	0.40
Japan	Nikkei 225	19,454.33	-	66.36	-	0.34
Malaysia	KLCI	1,675.49	+	15.67	+	0.94
New Zealand	NZX 50 Index	6,970.66	-	4.94	-	0.07
Singapore	Straits Times Index	2,962.63	+	8.49	+	0.29
South Korea	KOSPI	2,049.12	+	7.17	+	0.35
Taiwan	TWSE	9,372.22	+	14.08	+	0.15
Thailand	SET Index	1,571.48	+	0.43	+	0.03

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	6-Jan-17	5-Jan-17	Difference		6-Jan-17	5-Jan-17	Difference
1 month	1.9167	2.0339	- 0.117	4 year	3.5156	3.6362	- 0.121
3 month	1.9067	2.0500	- 0.143	5 year	4.5857	4.8232	- 0.238
6 month	2.2107	2.3793	- 0.169	7 year	4.7357	4.8982	- 0.163
1 year	2.6250	2.4094	+ 0.216	10 year	4.7446	4.2637	+ 0.481
2 year	3.5589	2.9263	+ 0.633	20 year	5.2300	5.4964	- 0.266
3 year	3.3583	3.3562	+ 0.002				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
1/9/2017	Philippines External Balance of Trade	Nov	1/11/2017	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Jan 6
1/9/2017	Philippines External Trade Imports YoY	Nov	1/12/2017	US Initial Jobless Claims SA	Jan 7
1/9/2017	Philippines External Trade Exports	Nov	1/13/2017	US PPI Finished Goods SA MoM%	Dec
1/9/2017	Philippines External Trade Imports	Nov	1/13/2017	US PPI Finished Goods Less Foods & Energy SA MoM%	Dec
1/16/2017	Philippines Overseas Filipino Workers Remittances YoY	Dec	1/13/2017	US PPI Finished Goods NSA YoY%	Dec
1/16/2017	Philippines Overseas Filipino Workers Remittances	Nov	1/13/2017	US PPI Finished Goods Less Foods & Energy NSA YoY%	Dec
1/19/2017	Philippines BOP	Dec	1/13/2017	University of Michigan Consumer Sentiment Index	Jan P
1/19/2017	Philippines Budget Balance Monthly	Dec	1/13/2017	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Dec
			1/18/2017	US CPI Urban Consumers MoM SA	Dec
			1/19/2017	US New Privately Owned Housing Units Started by Structure Total SAAR	Dec

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