

## Local

- The local equities index was up, buoyed by buying in the telco sector, which was sold down in 2016, thus is playing catch-up. Foreign buying also contributed in the positive movement of the index.
- Investments registered by the Philippine Economic Zone Authority (PEZA) dropped to Php218 billion in 2016, from Php295 billion (-26%), given the political uncertainty during the presidential elections, and as investors chose to adopt a wait-and-see attitude on both Philippine and US economic policies.
- Globe Telecom (PSE ticker: GLO) plans to offer Php 20 billion-worth of retail bonds in the next three years. The Securities and Exchange Commission (SEC) approved the three-year shelf registration last January 2017.
- The local fixed income market weakened as market players priced in the positive wage inflation print in the U.S. for December (+2.9%). On average, yields went up by 8.63bps.
- 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 fell, following trends in Europe, as geopolitical risks hurt investors perception on the stability of global growth. The Dow Jones Industrial Average Index dropped to 19,887.38 (-0.38%) while the S&P 500 Index fell to 2,268.90 (-0.35%).
- Boston Federal Reserve President Eric Rosengren thinks that the Fed should accelerate the pace of its rate hikes, as he sees inflation being on track to reach the Fed's 2% target by the end of this year. He added that inflation may breach the 2% target if unemployment rate continues to fall, which he says "would place the economic recovery at risk."
- Germany's industrial output rose 0.4% m-o-m in November, slightly lower than the revised print for October (0.5% m-o-m). Consistent with the improvement in the country's industrial output, Germany reported a 3.9% m-o-m growth in exports, strongest in four-and-half years.
- U.S. Treasuries recovered as recent comments from U.K. Prime Minister Theresa May sparked fears anew of a "hard Brexit" and risk-off sentiment. The two-year note yield inched down by 2.82bps to 1.182% while the 10-year bond yield dipped 5.46bps to 2.365%.
- Euro stocks fell after Theresa May suggested that Britain will leave the Single Market and the Customs Union. The market also interpreted it as a hard crackdown on immigration. The FTSEurofirst 300 Index fell 0.50% and closed at 1,437.72.
- The US dollar gained some ground against the Euro as investors factored in hawkish commentary from Boston Federal Reserve President Eric Rosengren, underwhelming Euro corporate updates, and Brexit-related statements from U.K. Prime Minister Theresa May. The EURUSD pair fell 0.13% to 1.0518.

## Asia Pacific

- Asian shares ended mixed after stronger-than-expected US labor market numbers supported the US dollar strength. These led to profit taking in markets that registered strong gains last week. Moderate bargain hunting was observed in some export-oriented markets such as Australia. The MSCI AC Asia Pacific Index ended at 138.55, down by 0.10%.

## Key Indicators

EQUITIES BENCHMARK INDICES	9-Jan-17	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,276.34	0.39%	6.37%	3.31%	4.66%
MSCI World USD Index	1,776.94	-0.35%	1.36%	0.96%	6.86%
MSCI All Country Asia Pacific ex-Japan Total Returns	385.22	-0.08%	2.54%	0.03%	9.50%
MSCI Europe USD Index	1,480.84	-0.69%	0.20%	2.50%	-2.75%
FTSEurofirst 300 Index	1,437.72	-0.50%	0.06%	2.40%	0.01%
Dow Jones Industrial Average Index	19,887.38	-0.38%	0.63%	0.66%	14.13%
Standard & Poor's 500 Index	2,268.90	-0.35%	1.34%	0.41%	11.01%
YIELDS AND PRICES	9-Jan-17	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.8750	-0.03%	-0.20%	0.07%	-0.79%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.7679	0.14%	0.32%	0.34%	0.40%
ROP2021 (Price)	107.326	(0.12)	1.02	0.59	(1.03)
ROP2034 (Price)	134.184	(1.14)	4.29	4.11	3.72
3-Month US Treasury Yield	0.4974	-0.02%	0.00%	-0.04%	0.33%
2-year US Treasury Yield	1.1816	-0.03%	-0.01%	0.05%	0.13%
10-year US Treasury Yield	2.3647	-0.05%	-0.08%	-0.10%	0.10%
30-year US Treasury Yield	2.9580	-0.05%	-0.11%	-0.19%	-0.06%
3-Month German Treasury Bill Yield	-1.006	-0.03%	-0.02%	-0.08%	-0.47%
Dubai Crude Oil Spot (\$/bbl)	53.94	-1.95%	-0.09%	5.17%	67.88%
1-month Nymex oil futures (\$/bbl)	51.96	-3.76%	-3.28%	0.89%	40.28%
Gold Spot (\$/oz)	1,181.06	0.70%	2.51%	1.81%	11.27%
USD/PHP (PDEX close)	49.620	0.10	(0.10)	(0.14)	2.56

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets						
		Last Trade as of		January 9, 2017		
Country	Index	Value	DoD Change	% Change		
Asia Pacific	MSCI AC Asia Pacific Index	138.55	+	0.14	+	0.10
Australia	S&P/ASX 200 Index	5,807.45	+	51.86	+	0.90
China	Shanghai SE Comp Index	3,171.24	+	16.92	+	0.54
Hong Kong	Hang Seng Index	22,558.69	+	55.68	+	0.25
India	SENSEX	26,726.55	-	32.68	-	0.12
Indonesia	Jakarta Composite Index	5,316.36	-	30.66	-	0.57
Japan	Nikkei 225	19,454.33		0.00		0.00
Malaysia	KLCI	1,667.90	-	7.59	-	0.45
New Zealand	NZX 50 Index	7,012.74	+	42.08	+	0.60
Singapore	Straits Times Index	2,981.54	+	18.91	+	0.64
South Korea	KOSPI	2,048.78	-	0.34	-	0.02
Taiwan	TWSE	9,342.42	-	29.80	-	0.32
Thailand	SET Index	1,564.08	-	7.40	-	0.47

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	9-Jan-17	6-Jan-17	Difference		9-Jan-17	6-Jan-17	Difference
1 month	1.6000	1.9167	- 0.317	4 year	3.6084	3.5156	+ 0.093
3 month	1.8750	1.9067	- 0.032	5 year	4.7357	4.5857	+ 0.150
6 month	2.3800	2.2107	+ 0.169	7 year	4.8429	4.7357	+ 0.107
1 year	2.7679	2.6250	+ 0.143	10 year	4.9179	4.7446	+ 0.173
2 year	3.9661	3.5589	+ 0.407	20 year	5.3304	5.2300	+ 0.100
3 year	3.3991	3.3583	+ 0.041				

## 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