

Local

- The local equities index was up as foreign buying continued amid improving sentiment on Philippine names. This marks the 6th consecutive trading day of net foreign buying in the market.
- CAMPI and TMA reported that car sales in 2016 reached 359,572 units (up 24.6% from the 288,609 units sold in 2015). Sales of commercial vehicles jumped 31.4% while sales of passenger cars leapt 14.4%.
- October Net Foreign Direct Investments (FDI) fell 14.3% to USD 342 mn due to sharp drop in investments in debt instruments. Despite the drop in October, the YT-Oct net FDI was at USD 6.2bn, 22.2% higher than the net FDI same period the year earlier.
- The local fixed income market weakened, continuing the decline yesterday. The Bureau of Treasury auctioned the newly issued 3-year Treasury Bonds (FXTN 3-22). Subscription amounted to twice the offer. Coupon was at 3.375%.
- The Philippine peso strengthened following recent weakness as dollars flowed in the local equities market. The USD/PHP closed at Php49.505 from Php49.620.

US and Europe

- US equities ended flat due to absence of fresh leads. The Dow Jones Industrial Average Index and the S&P 500 closed at 19,855.53 (-0.16%) and 2,268.90 (0%), respectively.
- Labor Department data ended flat at the end of November, with the Job Openings and Labor Turnover Survey showing that the number of job openings remained at 5.522 million (vs. mkt est: 5.5mln). Meanwhile, hires and separations also did not change much at 5.2 million and 5.0 million, respectively. The quits rate and the layoffs and discharges rate were also unchanged at 2.1% and 1.1%, respectively.
- US wholesale inventories registered a 1% growth in November, highest in the last two years. This was also a recovery from the 0.1% drop in October. Weak inventories used to drag US GDP growth. With favorable data, the Atlanta Federal Reserve is projecting a 2.9% jump in the US economy.
- U.S. Treasuries were relatively unchanged in absence of a strong catalysts. Investors were in a sideline as they wait for further clarity on Trump's policy. The US 10-yr bond yield closed at 2.376% while the US 2-year note yield ended at 1.186%.
- Euro stocks ended the choppy trading session on a relatively higher note on the back of higher Mining and Oil share prices, offsetting losses from the Financial sector. Copper prices rose after China reported a 5.5% producer's price inflation in December, boosting speculations of narrowing excess capacity in China. The FTSEurofirst 300 Index tucked in 0.11% gain after closing at 1,439.26.
- The US dollar weakened, erasing gains the day prior, as investors were quick to take Euro position amid weakness the day prior. The EURUSD pair rose to 1.0591%, up by 0.69%.

Asia Pacific

- Asian shares saw mixed results again with risk-on sentiment still in play as EM stocks with good macroeconomic fundamentals continued to be sought after. Philippines' PSEI and India's SENSEX led the gainers, rising 1.21% and 0.65%, respectively. Meanwhile profit taking in Japan's Nikkei 225 continued, as the latter fell 0.79%. The MSCI AC Asia Pacific Index ended at 139.20, up by 0.47%.

Key Indicators

EQUITIES BENCHMARK INDICES	10-Jan-17	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,364.34	1.21%	7.33%	4.56%	5.93%
MSCI World USD Index	1,779.62	0.15%	1.23%	1.11%	7.03%
MSCI All Country Asia Pacific ex-Japan Total Returns	385.82	0.16%	2.09%	0.19%	9.68%
MSCI Europe USD Index	1,487.65	0.46%	1.54%	2.97%	-2.30%
FTSEurofirst 300 Index	1,439.26	0.11%	-0.36%	2.51%	0.12%
Dow Jones Industrial Average Index	19,855.53	-0.16%	-0.13%	0.50%	13.95%
Standard & Poor's 500 Index	2,268.90	0.00%	0.49%	0.41%	11.01%
YIELDS AND PRICES	10-Jan-17	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.0233	0.15%	-0.31%	0.22%	-0.64%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.6000	-0.17%	-0.00%	0.18%	0.23%
ROP2021 (Price)	107.381	0.06	0.61	0.64	(0.98)
ROP2034 (Price)	134.914	0.73	3.64	4.84	4.45
3-Month US Treasury Yield	0.5076	0.01%	0.02%	-0.03%	0.34%
2-year US Treasury Yield	1.1855	0.00%	-0.03%	0.05%	0.14%
10-year US Treasury Yield	2.3757	0.01%	-0.07%	-0.09%	0.11%
30-year US Treasury Yield	2.9676	0.01%	-0.08%	-0.19%	-0.05%
3-Month German Treasury Bill Yield	-1.000	0.01%	-0.00%	-0.07%	-0.46%
Dubai Crude Oil Spot (\$/bbl)	52.91	-1.91%	-4.24%	3.16%	64.67%
1-month Nymex oil futures (\$/bbl)	50.82	-2.19%	-2.89%	-1.32%	37.20%
Gold Spot (\$/oz)	1,187.75	0.57%	2.50%	2.39%	11.90%
USD/PHP (PDEX close)	49.505	(0.11)	(0.27)	(0.25)	2.45

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets						
Last Trade as of January 10, 2017						
Country	Index	Value	DoD Change	% Change		
Asia Pacific	MSCI AC Asia Pacific Index	139.20	+	0.65	+	0.47
Australia	S&P/ASX 200 Index	5,760.70	-	46.74	-	0.80
China	Shanghai SE Comp Index	3,161.67	-	9.57	-	0.30
Hong Kong	Hang Seng Index	22,744.85	+	186.16	+	0.83
India	SENSEX	26,899.56	+	173.01	+	0.65
Indonesia	Jakarta Composite Index	5,309.92	-	6.44	-	0.12
Japan	Nikkei 225	19,301.44	-	152.89	-	0.79
Malaysia	KLCI	1,672.05	+	4.15	+	0.25
New Zealand	NZX 50 Index	7,037.58	+	24.84	+	0.35
Singapore	Straits Times Index	3,006.02	+	24.48	+	0.82
South Korea	KOSPI	2,045.12	-	3.66	-	0.18
Taiwan	TWSE	9,349.64	+	7.22	+	0.08
Thailand	SET Index	1,572.10	+	8.02	+	0.51

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
1/16/2017	Philippines Overseas Filipino Workers Remittances YoY	Dec	1/11/2017	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Jan 6
1/16/2017	Philippines Overseas Filipino Workers Remittances	Nov	1/12/2017	US Initial Jobless Claims SA	Jan 7
1/19/2017	Philippines BOP	Dec	1/13/2017	US PPI Finished Goods SA MoM%	Dec
1/19/2017	Philippines Budget Balance Monthly	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
			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