January 12, 2017

Local

- The local equities index corrected following days of strength as investors cashed-in early year gains; defensive stance prevailed ahead of developments in the US.
- S&P and World Bank raised their 2017 GDP forecast for the Philippines to 6.4% (+ 0.10pp) and 7% (+ 0.70 pp) due to investment surge and strong domestic demand.
- The Bangko Sentral ng Pilipinas disclosed that 9 foreign banks (First Commercial Bank of Taiwan, Sumitomo Mitsui of Japan, Shinhan Bank of South Korea, Cathay United Bank of Taiwan, the Industrial Bank of Korea, Yuanta Bank of Taiwan, the United Overseas Bank Ltd. of Singapore, Seoul-based Woori Bank, and Hua Nan Commercial Bank Ltd. of Taiwan) have entered the Philippine banking industry. It added that six more banks have expressed interest.
- The local fixed income market rebounded due to bargain hunting prompted by the upward revision of the World Bank to the Philippines' GDP growth forecast. from 6.3% to 7.0% for 2017. Yields fell by an average of 13.54bps.
- The Philippine peso slipped against the dollar as investors went defensive ahead of U.S. President-elect Donald Trump's press conference. The USD/PHP lost 12 centavos or 0.24% to close at Php49.625 to a dollar.

US and Europe

- US equities were dragged down by weakness in pharma stocks, which fell following criticism of drug pricing by President-elect Donald Trump. The Dow Jones Industrial Average gained 98.75 points, or 0.50%, to 19,954.28 while the S&P 500 climbed 6.42 points, or 0.28%, to 2,275.32.
- The Organization for Economic Cooperation and Development (OECD) announced that its composite leading indicators for its 34 members held at 99.8 in November, and that these pointed to continued pick up in growth momentum in several advanced economies such as US, Canada and France. The CLI for Germany and Japan anticipates growth gaining momentum. In the United Kingdom, while there are tentative signs of growth gaining momentum, the CLI remains below trend and uncertainty persists with respect to the Brexit. Within major emerging economies, the CLIs showed that growth may be gaining momentum in China, Brazil and Russia, while signs of easing growth momentum are developing in India.
- World Bank slashed its 2017 global growth projection to 2.7% (- 0.10 pp) after it downgraded its outlook to Europe. This projection, however, is stil an acceleration from last year’s 2.3%. The institution also cited risks associated with shifting policies and heightened uncertainty around the globe.
- Longer duration treasuries gained ground since President-elect Donald Trump’ did not give sufficient detail about his administration’s plans for fiscal stimulus during his first press conference. The two-year note yield was practivally unchanged at 1.185% while the 10-year bond yield fell by 0.36bp to 2.372%.
- European stocks managed to move up despite being dragged by weakness in drugmakers caused by the attacks made by President-elect Donald Trump in his press conference. The FTSEurofirst 300 Index moved up slightly to 1,443.15, up 0.27%.
- The US dollar rallied, as downgrade in the World Bank’s global growth forecast from 2.8% to 2.7%, tempered the risk-on sentiment. The EURUSD pair slipped to 1.0522, down by 0.65%.

Asia Pacific

- Asian equities ended mixed as Trump left investor's list of questions unanswered during his most recent press conference. Gainers were led by Korean shares (+1.47%) while decliners were led by Chinese shares (-0.79%). The MSCI AC Asia Pacific Index closed at 139.30 (+0.07%).

January 12, 2017

Key Indicators

EQUITIES BENCHMARK INDICES	11-Jan-17	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,321.82	-0.58%	4.14%	3.96%	5.32%
MSCI World USD Index	1,778.17	-0.08%	0.24%	1.03%	6.94%
MSCI All Country Asia Pacific ex-Japan Total Returns	388.61	0.72%	2.32%	0.91%	10.47%
MSCI Europe USD Index	1,473.99	-0.92%	-0.16%	2.03%	-3.20%
FTSEurofirst 300 Index	1,443.15	0.27%	-0.05%	2.79%	0.39%
Dow Jones Industrial Average Index	19,954.28	0.50%	0.06%	1.00%	14.52%
Standard & Poor's 500 Index	2,275.32	0.28%	0.20%	0.70%	11.32%
YIELDS AND PRICES	**11-Jan-17**	**DoD change**	**WoW change**	**MoM change**	**Ytd change**
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.5768	-0.45%	-0.48%	-0.23%	-1.09%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.5915	-0.01%	0.18%	0.17%	0.22%
ROP2021 (Price)	107.383	0.00	0.46	0.65	(0.98)
ROP2034 (Price)	134.961	0.05	2.98	4.89	4.49
3-Month US Treasury Yield	0.5076	0.00%	-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	2.3721	-0.00%	-0.07%	-0.10%	0.10%
30-year US Treasury Yield	2.9556	-0.01%	-0.08%	-0.20%	-0.06%
3-Month German Treasury Bill Yield	-0.922	0.08%	0.06%	0.00%	-0.38%
Dubai Crude Oil Spot ($/bbl)	52.01	-1.70%	-2.93%	1.40%	61.87%
1-month Nymex oil futures ($/bbl)	52.25	2.81%	-1.90%	1.46%	41.06%
Gold Spot ($/oz)	1,191.63	0.33%	2.41%	2.73%	12.27%
USD/PHP (PDEX close)	49.625	0.12	(0.02)	(0.13)	2.57

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets

Last Trade as of January 11, 2017

Country	Index	Value		DoD Change		% Change
Asia Pacific	MSCI AC Asia Pacific Index	139.30	+	0.10	+	0.07
Australia	S&P/ASX 200 Index	5,771.48	+	10.78	+	0.19
China	Shanghai SE Comp Index	3,136.75	-	24.92	-	0.79
Hong Kong	Hang Seng Index	22,935.35	+	190.50	+	0.84
India	SENSEX	27,140.41	+	240.85	+	0.90
Indonesia	Jakarta Composite Index	5,301.24	-	8.69	-	0.16
Japan	Nikkei 225	19,364.67	+	63.23	+	0.33
Malaysia	KLCI	1,675.21	+	3.16	+	0.19
New Zealand	NZX 50 Index	7,069.59	+	32.01	+	0.45
Singapore	Straits Times Index	3,000.94	-	5.08	-	0.17
South Korea	KOSPI	2,075.17	+	30.05	+	1.47
Taiwan	TWSE	9,345.74	-	3.90	-	0.04
Thailand	SET Index	1,572.93	+	0.83	+	0.05

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)

	11-Jan-17	10-Jan-17	Difference			#######	#######	Difference	
1 month	2.0179	2.0317	-	0.014	4 year	3.5851	3.5904	-	0.005
3 month	1.5768	2.0233	-	0.447	5 year	4.8286	4.8232	+	0.005
6 month	2.4000	2.4000		0.000	7 year	4.3013	4.9750	-	0.674
1 year	2.5915	2.6000	-	0.009	10 year	4.9786	5.0464	-	0.068
2 year	3.6479	4.0250	-	0.377	20 year	5.4071	5.4036	+	0.003
3 year	3.3628	3.4043	-	0.042					

January 12, 2017

Upcoming Economic Releases

Date	Philippines	Period Covered
1/16/2017	Philippines Overseas Filipino Workers Remittances YoY	Dec
1/16/2017	Philippines Overseas Filipino Workers Remittances	Nov
1/19/2017	Philippines BOP	Dec
1/19/2017	Philippines Budget Balance Monthly	Dec

Date	US	Period Covered
1/12/2017	US Initial Jobless Claims SA	Jan 7
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
1/13/2017	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Dec
1/18/2017	US CPI Urban Consumers MoM SA	Dec
1/18/2017	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Jan 6
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