

Local

- The local equities index continued to decline as telco names were once again sold down following early year-buying. The decline is consistent with other markets in the Asia Pacific region. The PCOMP Index fell 0.78% and closed at 7,264.55.
- The BSP reported that the country registered US\$ 365.49 million net portfolio outflow in December. The Philippines was not isolated from the rotation of funds from Emerging Markets to the United States amid optimism towards the Trumponomics. Nonetheless, FY 2016 net portfolio investments remained at positive (US\$ 353.59 million).
- Philippine Economic Zone Authority (PEZA) Director-General Charito B. Plaza said that PEZA will recommend three regions in Mindanao (Autonomous Region in Muslim Mindanao (ARMM), Caraga Administrative Region, and Davao region) for a scheme that will allow the payment of lower power rates by economic zones. This will involve the allocation of low-cost power generated by the southern island's hydropower plants.
- The local fixed income market rallied amid a strong peso as investors moved ahead of the Trump inauguration and key economic data releases locally. Yields fell by an average of 8.68bps led by the long-end, dropping 24.1 bps.
- The Philippine peso gained ground against the dollar as investors priced in the positive growth revisions in the Philippines by the World Bank. The USD/PHP gained 14.5 centavos or 0.29% to close at Php49.480 to a dollar.

US and Europe

- US equities dropped after investors took profit ahead of the earnings season. Trump trade is also started to fade. The Dow Jones Industrial Average Index and S& P 500 fell to -0.32% and -0.21%, respectively.
- December U.S. import prices rose 0.4% MoM (Mkt est: +0.7%) from an upwardly revised 0.2% decline in November due to higher petroleum prices. YoY import prices surged 1.8%, which marks the biggest rise since March 2012. Imported petroleum prices leapt 7.9%, but import prices ex-petroleum actually slipped 0.2%, with imported food costs falling 1.4% (the largest decline since February).
- The US reported that more people registered for unemployment benefits last week. US jobless claims was at 247K, higher than the 235K print the week prior. This figure, however, was lower than analysts' expectations of 255K.
- The let-down from President-elect Donald Trump's press conference led to continued rally in US Treasuries. The two-year note yield slipped by 1.22bps to 1.173% while the 10-year bond yield sunk 0.90bps to 2.363%.
- European stocks traded lower as ECB minutes showed divergence in opinion between members. The FTSEurofirst 300 Index erased 0.72% and closed 1,432.73.
- The US dollar continued to weaken despite relatively-hawkish commentary from Fed members, as investors continue to be disappointed about the lack of clarity regarding Trump's economic and fiscal policies. The euro strengthened by 1.10%, reaching 1.0638.

Asia Pacific

- Asian equities ended mixed after oil jumped but strength in local currencies weighed down sentiment towards some countries. The MSCI AC Asia Pacific Index, nonetheless, rose 0.90% to 140.56.

Key Indicators

EQUITIES BENCHMARK INDICES	12-Jan-17	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,264.55	-0.78%	0.76%	5.76%	4.49%
MSCI World USD Index	1,783.44	0.30%	0.05%	1.32%	7.26%
MSCI All Country Asia Pacific ex-Japan Total Returns	390.27	0.43%	1.23%	1.94%	10.94%
MSCI Europe USD Index	1,490.31	1.11%	-0.32%	2.89%	-2.12%
FTSEurofirst 300 Index	1,432.73	-0.72%	-0.89%	2.44%	-0.33%
Dow Jones Industrial Average Index	19,891.00	-0.32%	-0.04%	0.48%	14.15%
Standard & Poor's 500 Index	2,270.44	-0.21%	0.06%	0.60%	11.08%
YIELDS AND PRICES	12-Jan-17	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.5916	0.01%	-0.46%	-0.19%	-1.08%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.6667	0.08%	0.26%	0.52%	0.30%
ROP2021 (Price)	107.453	0.07	0.11	0.85	(0.91)
ROP2034 (Price)	135.813	0.85	1.28	5.93	5.35
3-Month US Treasury Yield	0.5127	0.01%	0.00%	0.01%	0.35%
2-year US Treasury Yield	1.1733	-0.01%	0.01%	0.03%	0.13%
10-year US Treasury Yield	2.3631	-0.01%	0.02%	-0.11%	0.09%
30-year US Treasury Yield	2.9604	0.00%	0.02%	-0.19%	-0.06%
3-Month German Treasury Bill Yield	-0.936	-0.01%	0.02%	-0.02%	-0.40%
Dubai Crude Oil Spot (\$/bbl)	53.34	2.56%	-1.24%	-1.08%	66.01%
1-month Nymex oil futures (\$/bbl)	53.01	1.45%	-1.40%	0.34%	43.12%
Gold Spot (\$/oz)	1,195.40	0.32%	1.28%	2.85%	12.62%
USD/PHP (PDEX close)	49.480	(0.15)	0.02	(0.34)	2.42

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets						
Last Trade as of January 12, 2017						
Country	Index	Value	DoD Change	% Change		
Asia Pacific	MSCI AC Asia Pacific Index	140.56	+	1.26	+	0.90
Australia	S&P/ASX 200 Index	5,766.85	-	4.63	-	0.08
China	Shanghai SE Comp Index	3,119.29	-	17.46	-	0.56
Hong Kong	Hang Seng Index	22,829.02	-	106.33	-	0.46
India	SENSEX	27,247.16	+	106.75	+	0.39
Indonesia	Jakarta Composite Index	5,292.75	-	8.49	-	0.16
Japan	Nikkei 225	19,134.70	-	229.97	-	1.19
Malaysia	KLCI	1,677.76	+	2.55	+	0.15
New Zealand	NZX 50 Index	7,063.59	-	6.00	-	0.08
Singapore	Straits Times Index	2,993.00	-	7.94	-	0.26
South Korea	KOSPI	2,087.14	+	11.97	+	0.58
Taiwan	TWSE	9,410.18	+	64.44	+	0.69
Thailand	SET Index	1,568.84	-	4.09	-	0.26

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	12-Jan-17	11-Jan-17	Difference		12-Jan-17	11-Jan-17	Difference
1 month	2.0446	2.0179	0.027	4 year	3.5622	3.5851	0.023
3 month	1.5916	1.5768	0.015	5 year	4.6000	4.8286	0.229
6 month	2.3601	2.4000	0.040	7 year	4.1339	4.3013	0.167
1 year	2.6667	2.5915	0.075	10 year	4.3055	4.9786	0.673
2 year	3.6714	3.6479	0.024	20 year	5.3571	5.4071	0.050
3 year	3.3628	3.3628	0.000				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
1/16/2017	Philippines Overseas Filipino Workers Remittances YoY	Dec	1/13/2017	US PPI Finished Goods SA MoM%	Dec
1/16/2017	Philippines Overseas Filipino Workers Remittances	Nov	1/13/2017	US PPI Finished Goods Less Foods & Energy SA MoM%	Dec
1/19/2017	Philippines BOP	Dec	1/13/2017	US PPI Finished Goods NSA YoY%	Dec
1/19/2017	Philippines Budget Balance Monthly	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 13
			1/19/2017	US Initial Jobless Claims SA	Jan 7
			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