

Local

- The equities market ended flat due to the lack of significant catalysts. The PSEi lost 3.04 points, or -0.04%, to 6,890.94. Most indices marginally rose led by the mining and oil (+1.13%), financials (+0.65%) and property (+0.12%). Market breadth was positive with 100 advances outnumbering 63 declines, while 55 issues were unchanged. Total value turnover reached Php777.9 million. Foreign investors were net buyers at Php323.13 million.
- In a report, the BSP said that the domestic liquidity or M3 grew by 9% year-on-year in August to Php7.8 trillion, faster than the growth recorded in the prior month. On a month-on-month basis, M3 rose by 0.9%. The BSP attributed the growth in the domestic liquidity to the sustained demand for credit. Credits to the private sector expanded by 13% while that of the public sector rose by 15.2%, both faster than their prior month prints of 11.3% and 7.4%, respectively. Likewise, net foreign assets (NFA) grew by 8% from 6.8% on the back of robust foreign exchange inflows coming from the OFWs' remittances and the BPO receipts.
- In the same report, the BSP showed that lending growth picked up for the month of August. Outstanding loans of commercial banks, net of overnight borrowings with the BSP, expanded by 14.1% to Php4.7 trillion, faster than July's 13.6% growth. Loans for production activities, which comprise more than 80% of banks' loan portfolio, rose by 13.8%. Key sectors that drove the acceleration continued to be the real estate (14.7%), electricity, gas, steam and airconditioning supply (25.6%), wholesale and retail trade, and repair of motor vehicles and motorcycles (15.5%), manufacturing (5.8%) and financial and insurance activities (15.3%). Meanwhile, loans for household consumption grew by 14%.
- In the local fixed income space, domestic bond prices booked modest gains on the partial resumption of risk-on sentiment spilling over from abroad. By the afternoon session, however, a bias for waiting on the sidelines for the US September Non-Farm Payrolls data took hold. Yields fell by -0.05 basis points, on average, across the length of the curve with the short end losing -2.2 basis points and the belly and long-ends gaining 1.1 and 0.8 basis points, respectively.
- The Peso traded sideways relative to the US Dollar yesterday, hardly appreciating as investors stayed on the sidelines pending critical US and Euro economic data releases including inflation and labor. Also, commentary was expected from senior Fed officials that may color outlook on the long-awaited rate hike. The USD/PHP pair fell 2 centavos, or -0.04%, to close yesterday's trading at the 46.760 level.

US and Europe

- US stocks were little changed as equities failed to maintain momentum after their strongest rally in three weeks. Investors remained cautious prior to the government's jobs report, which is a key input to Federal Reserve's rate lift-off. The Dow edged 0.08% lower to 16,272.01, while the S&P 500 inched up 3.79 points, or 0.20% to end at the 1,923.82 level.
- The ISM manufacturing survey's headline fell from 51.1 in August to 50.2 in September, lower than market estimates of 50.6. The strong dollar and inventory correction were reported to be the potential cause of the decline. Almost all components were down, particularly new orders (from 51.7 to 50.1), production (from 53.6 to 51.8), employment (from 51.2 to 50.5), and supplier deliveries (from 50.7 to 50.2).
- Initial jobless claims increased to 277,000 during the week ending September 26 from 267,000 the previous week. This was higher than market estimates of 271,000. However, the four-week average for claims was still down to 271,000.
- US Treasuries were flat after US economic data releases offered an opaque view of the economy ahead of the official jobs data report. Benchmark 10-year and 30-year yields were flat at 2.0368% and 2.8499%, respectively.
- European stocks declined as renewed worries over slowing global economy overshadowed the initial optimism over better-than-expected factory data from China. FTSEurofirst 300 Index fell 0.41% to end the trading day at the 1,364.86 level.
- The US Dollar traded flat with a slight upward bias vis-a-vis the Euro yesterday signalling the market's bullish anticipation of better-than-expected (>200K) US non-farm payroll results. Also, Germany's PMI score fell 0.2 to 52.3 for September. The EUR/USD pair shed -0.68 US Cents, or -0.61%, to close Thursday's trading at the 1.1147 level.

Asia Pacific

- The Japanese Nikkei rallied yesterday while the Chinese CSI 300 was closed for trading. Real-estate led sector strength in the Nikkei along with the latter's convergence with global equity outperformance yesterday resulted in a 1.9% day-on-day uplift to the 17,722 level.

Key Indicators

EQUITIES BENCHMARK INDICES	1-Oct-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,890.94	-0.04%	-0.38%	-2.76%	-4.70%
MSCI World USD Index	1,587.98	0.38%	0.04%	-0.80%	-8.30%
MSCI All Country Asia Pacific ex-Japan Total Returns	337.68	0.94%	0.90%	0.65%	-13.16%
MSCI Europe USD Index	1,489.07	-0.08%	1.24%	-2.55%	-8.53%
FTSEurofirst 300 Index	1,364.86	-0.41%	2.06%	-1.99%	-0.88%
Dow Jones Industrial Average Index	16,272.01	-0.08%	0.44%	1.33%	-9.79%
Standard & Poor's 500 Index	1,923.82	0.20%	-0.44%	0.52%	-7.98%
YIELDS AND PRICES	1-Oct-15	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.6850	0.00%	0.10%	-0.00%	-0.69%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.4450	-0.10%	0.57%	0.33%	0.02%
ROP2021 (Price)	108.110	0.50	(0.15)	0.27	(0.14)
ROP2034 (Price)	131.056	0.25	(1.99)	(1.50)	(2.82)
3-Month US Treasury Yield	-0.0254	-0.01%	-0.03%	-0.06%	-0.03%
2-year US Treasury Yield	0.6447	0.02%	-0.04%	-0.06%	-0.06%
10-year US Treasury Yield	2.0368	0.00%	-0.09%	-0.12%	-0.17%
30-year US Treasury Yield	2.8499	-0.00%	-0.07%	-0.07%	0.08%
3-Month German Treasury Bill Yield	-0.363	0.01%	-0.00%	-0.04%	-0.18%
Dubai Crude Oil Spot (\$/bbl)	47.21	7.20%	2.88%	-7.79%	-16.16%
1-month Nymex oil futures (\$/bbl)	44.74	-0.78%	-0.38%	-1.48%	-16.55%
Gold Spot (\$/oz)	1,113.56	-0.14%	-3.50%	-2.34%	-5.89%
USD/PHP (PDEX close)	46.760	0.02	(0.10)	0.07	2.04

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets				
Last Trade as of October 1, 2015				
Country	Index	Value	DoD Change	% Change
Asia Pacific	MSCI AC Asia Pacific Index	125.79	+ 1.97	+ 1.59
Australia	S&P/ASX 200 Index	5,112.14	+ 90.51	+ 1.80
China	Shanghai SE Comp Index	3,052.78	0.00	0.00
Hong Kong	Hang Seng Index	20,846.30	0.00	0.00
India	SENSEX	26,220.95	+ 66.12	+ 0.25
Indonesia	Jakarta Composite Index	4,254.88	+ 30.97	+ 0.73
Japan	Nikkei 225	17,722.42	+ 334.27	+ 1.92
Malaysia	KLCI	1,633.93	+ 12.89	+ 0.80
New Zealand	NZX 50 Index	5,585.43	- 7.93	- 0.14
Singapore	Straits Times Index	2,801.85	+ 10.96	+ 0.39
South Korea	KOSPI	1,979.32	+ 16.51	+ 0.84
Taiwan	TWSE	8,295.94	+ 114.70	+ 1.40
Thailand	SET Index	1,345.15	- 3.85	- 0.29

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	1-Oct-15	30-Sep-15	Difference		1-Oct-15	30-Sep-15	Difference
1 month	1.6817	1.6783	+ 0.003	4 year	3.7300	3.7263	+ 0.004
3 month	1.6850	1.6817	+ 0.003	5 year	3.4693	3.4923	- 0.023
6 month	1.8050	1.7967	+ 0.008	7 year	4.2083	4.1617	+ 0.047
1 year	2.4450	2.5467	- 0.102	10 year	3.7766	3.7995	- 0.023
2 year	2.5760	2.6143	- 0.038	20 year	5.1833	5.1350	+ 0.048
3 year	3.1681	3.1016	+ 0.067				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/6/2015	Philippines CPI All items YoY% 2006=100	Sep	10/2/2015	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Sep
10/6/2015	Philippines CPI All items MoM% 2006=100	Sep	10/2/2015	U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted	Sep
10/6/2015	Philippines Core Inflation YoY 2006=100	Sep	10/2/2015	US Employees on Nonfarm Payrolls Manufacturing Industry Monthly Net Change SA	Sep
10/7/2015	Philippines Gross Intl Reserves	Sep	10/2/2015	US Manufacturers New Orders Total MoM SA	Aug
10/9/2015	Philippines External Trade Exports YoY	Aug	10/5/2015	ISM Non-Manufacturing NMI NSA	Sep
10/9/2015	Philippines External Trade Exports	Aug	10/6/2015	US Trade Balance of Goods and Services SA	Aug
			10/7/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 2
			10/8/2015	US Initial Jobless Claims SA	Sep 26
			10/9/2015	US Import Price Index by End Use All MoM NSA	Sep
			10/9/2015	Merchant Wholesalers Inventories Total Monthly % Change	Aug

Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones