

Local

- The local equities market declined following a two-day rally due to profit-taking. The PSEi index fell by 85.13 points or -1.10%, closing at 7,629.73. All sectors were red, led by services (-2.34%) and properties (-1.69%). Market breadth was negative with 65 advances and 119 declines while 45 were unchanged. Total value turnover was Php13.58 billion. Foreigners were net buyers at Php3.86 billion.
- Government economic managers said the current financial market selloff won't affect the Duterte administration's economic program. Finance Undersecretary Beltran said that the government should continue with its plan to boost spending and widen the budget deficit. The PSEi closed at -2.02% since the Duterte administration took over on June 30 while the peso lost 3.06% of its value since Duterte became president.
- Manila Electric Company (PSE Ticker: MER) is seeking additional agreements with renewable energy companies following a proposal from two solar farm developers in relation to the electricity supply at a price of Php5.39 per kilowatt-hour, lower than the latest subsidized rate for solar energy. According to Lawrence S. Fernandez, the Head of Meralco's Utility Economics, he said that they are habitually evaluating their portfolio. He also mentioned that they are also awaiting other proponents to check if they can exceed the price that was provided from the two solar developers.
- In the local fixed income space, prices of government securities rose despite the increase in rates in the belly due to a large supply within the near term. Yields fell by an average of 1.80 bps, as the short- and long-end of the curve declined by 9.2 bps and 0.5 bps, respectively. Meanwhile, the belly rose by 3.3 bps.
- The dollar ended stronger against the peso following an increase in the 2nd quarter GDP data of the US—revised upward from 1.1% to 1.4%. The PHP fell by 17 centavos or 0.35%, closing at 48.50.

US and Europe

- U.S. stocks rebounded as an AFP report was close to a sharply reduced settlement. Fed Chair Janet Yellen said, "There could be benefits to the central bank's ability to buy either equities or corporate bonds" on Thursday. The Dow Jones Industrial Average recouped 0.9% to 18,308.15. The S&P bounced 0.8% to 2,168.27 (H: 2,175.30; L: 2,156.51). Leading the upward movement are financials (+14%), energy (+1.3%), healthcare (+1%) and staples (+1%). Closing in the red are utilities (-0.7%), REITs (-0.6%), and telecoms (-0.3%). While, the Nasdaq Composite Index climbed by 0.8% to 5,312.00. Volumes totaled 1.18 billion shares on the NYSE where winners outnumbered losers by 7 to 3. For Nasdaq 2.06 billion shares were exchanged and winners outpaced losers by over 5 to 2.
- US Treasuries recoiled as the Deutsche Bank-led correction in financials dampened the allure of safe-haven US government debt. End-of-month rebalancing also intensified the selling pressure. The 2-year UST note yield climbed 2.7bps to 0.762% while the 10-year bond rose 3.4bps to 1.594%.
- The Atlanta Federal Reserve's GDP Now forecast model indicated that the U.S. economy was projected to grow at a 2.4% annualized rate in Q3. They said their forecast of real consumer spending growth fell 30 bps to 2.7% post August data.
- European stocks corrected after previous sessions of being oversold in the wake of the Deutsche Bank issue to close higher. Also, higher Eurozone export activity boosted confidence. The STOXX 600 index, the CAC 40 (Paris) and the DAX (Frankfurt) gained 0.20 points (+0.6%, DoD), 4.42 points and 105.48 points (+1.0%, DoD), respectively, to close at 342.92, 4,448.26 and 10,511.02. Meanwhile, the FTSE 100 fell 20.09 points (-0.3%, DoD) to 6,899.33.
- The US Dollar traded sideways with a slight downward bias relative to the Euro yesterday as US consumption spending stalled for the first time in seven months during August. US personal consumption disappointed consensus expectations of 0.10% growth (MoM), remaining unchanged for the period, and lower than the 0.3% posted the previous month. This was offset, however, by improving US consumer confidence in September, leading to the flat performance of the greenback day-on-day. The EUR/USD pair rose by 0.13 US cents, or +0.12%, to close last Friday's trading at the 1.1235 level.

Asia Pacific

- Asian markets closed last week with mixed results given the souring sentiment over the OPEC-Russia meeting, growing unease over Deutsche Bank and the release of positive industrial data from China. Markets in Hong Kong and Japan fell because of low expectations over last week's OPEC-Russia meeting and over news that seemed to suggest Deutsche Bank was experiencing a bank run. In China, meanwhile, mainland bourses outperformed owing to the reported industrial expansion evident in the Caixin PMI gauge of nationwide factory activity, which expanded.

Key Indicators

EQUITIES BENCHMARK INDICES						
	30-Sep-16	DoD change	WoW change	MoM change	Ytd change	
Philippine Stock Exchange Index	7,629.73	-1.10%	-1.22%	-2.12%	9.75%	
MSCI World USD Index	1,725.67	0.34%	-0.23%	0.12%	3.78%	
MSCI All Country Asia Pacific ex-Japan Total Returns	399.31	0.45%	0.05%	2.54%	13.51%	
MSCI Europe USD Index	1,481.94	0.14%	-0.43%	0.33%	-2.67%	
FTSEurofirst 300 Index	1,350.66	0.05%	-0.66%	-0.48%	-6.04%	
Dow Jones Industrial Average Index	18,308.15	0.91%	0.26%	-0.79%	5.07%	
Standard & Poor's 500 Index	2,168.27	0.80%	0.17%	-0.36%	6.08%	
YIELDS AND PRICES						
	30-Sep-16	DoD change	WoW change	MoM change	Ytd change	
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.5857	-0.02%	-1.16%	0.10%	-1.08%	
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.0107	-0.08%	-0.11%	-0.61%	-0.36%	
ROP2021 (Price)	108.510	0.01	(0.46)	(1.42)	0.15	
ROP2034 (Price)	145.252	(0.06)	(1.14)	(2.15)	14.78	
3-Month US Treasury Yield	0.2739	0.02%	0.11%	-0.05%	0.11%	
2-year US Treasury Yield	0.7619	0.03%	0.01%	-0.04%	-0.29%	
10-year US Treasury Yield	1.5944	0.03%	-0.02%	0.03%	-0.68%	
30-year US Treasury Yield	2.3154	0.04%	-0.03%	0.09%	-0.70%	
3-Month German Treasury Bill Yield	-0.798	-0.05%	-0.06%	0.01%	-0.26%	
Dubai Crude Oil Spot (\$/bbl)	45.37	0.47%	1.57%	-2.39%	41.21%	
1-month Nymex oil futures (\$/bbl)	48.24	0.86%	8.45%	4.08%	30.24%	
Gold Spot (\$/oz)	1,315.75	-0.35%	-1.64%	0.35%	23.96%	
USD/PHP (PDEX close)	48.500	0.17	0.51	2.03	1.44	

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets						
		Last Trade as of	September 30, 2016			
Country	Index	Value	DoD Change	% Change		
Asia Pacific	MSCI AC Asia Pacific Index	139.72	-	1.55	-	1.10
Australia	S&P/ASX 200 Index	5,435.92	-	35.34	-	0.65
China	Shanghai SE Comp Index	3,004.70	+	6.22	+	0.21
Hong Kong	Hang Seng Index	23,297.15	-	442.32	-	1.86
India	SENSEX	27,865.96	+	38.43	+	0.14
Indonesia	Jakarta Composite Index	5,364.80	-	67.15	-	1.24
Japan	Nikkei 225	16,449.84	-	243.87	-	1.46
Malaysia	KLCI	1,652.55	-	17.09	-	1.02
New Zealand	NZX 50 Index	7,361.09	+	17.64	+	0.24
Singapore	Straits Times Index	2,869.47	-	16.24	-	0.56
South Korea	KOSPI	2,043.63	-	25.09	-	1.21
Taiwan	TWSE	9,166.85	-	104.05	-	1.12
Thailand	SET Index	1,483.21	-	8.22	-	0.55

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)								
	30-Sep-16	29-Sep-16	Difference		30-Sep-16	29-Sep-16	Difference	
1 month	1.4196	1.4183	+	0.001	4 year	2.8798	2.8898	- 0.010
3 month	1.5857	1.6050	-	0.019	5 year	3.6321	3.5625	+ 0.070
6 month	1.2931	1.5637	-	0.271	7 year	3.4483	3.4265	+ 0.022
1 year	2.0107	2.0893	-	0.079	10 year	3.6455	3.6352	+ 0.010
2 year	2.2855	2.3199	-	0.034	20 year	4.6482	4.6732	- 0.025
3 year	3.2925	3.1732	+	0.119				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/5/2016	Philippines CPI All items YoY% 2006=100	Sep	10/3/2016	ISM Manufacturing PMI SA	Sep
10/5/2016	Philippines CPI All items MoM% 2006=100	Sep	10/5/2016	US Durable Goods New Orders Industries MoM SA	Aug F
10/7/2016	Philippines Budget Balance Monthly	Aug	10/5/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Sep 30
10/7/2016	Philippines Gross Intl Reserves	Sep	10/6/2016	US Initial Jobless Claims SA	Oct 1
10/11/2016	Philippines External Balance of Trade	Aug	10/7/2016	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Sep
10/11/2016	Philippines External Trade Imports YoY	Aug	10/14/2016	US PPI Finished Goods SA MoM%	Sep
10/11/2016	Philippines External Trade Exports	Aug	10/14/2016	US PPI Finished Goods Less Foods & Energy SA MoM%	Sep
			10/14/2016	US PPI Finished Goods NSA YoY%	Sep
			10/14/2016	US PPI Finished Goods Less Foods & Energy NSA YoY%	Sep
			10/14/2016	University of Michigan Consumer Sentiment Index	Oct P

Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones, The Wall Street Journal, CNBC