

## Local

- The local equities market reversed some of its gains despite a series of positive data concerning the Philippines. August OFW remittances were up 16.3% YoY versus -5.2% in August. BSP data showed property prices rose in Q2 2016. President Duterte leads a Philippine delegation to China with a number of chief executives in tow. The PSE index fell by 31.09 points or 0.42%, closing at 7,358.21. All indices were down except for holding companies and mining and oil companies. Market breadth was positive with 94 advances and 47 declines while 86 were unchanged. Total value turnover was at Php6.72 billion. Foreigners were net sellers at Php448.51 million.
- Bangko Sentral ng Pilipinas Officer-in-Charge Nestor A. Espenilla announced that the Overseas Filipinos' personal remittances in August 2016 increased by 16 percent year-on-year to reach US\$2.6 billion. For the first eight months of 2016, it grew by 4.4 percent from last year's level to US\$19.5 billion. According to the data, the flows of personal remittance were derived primarily from land-based workers with work contracts of one year or more (at US\$15.1 billion) as well as compensation of sea-based workers and land-based workers with short-term contacts amounting to \$4.1 billion.
- Ayala Land, Inc. (PSE ticker: ALI) will issue commercial papers worth at least P5 billion next year. Ayala Land Head of Debt Management Ricardo Ulysses Tabije reported that the commercial papers will come from P50-billion shelf offering for retail and homestarter bond issuances. By year end, they will have issued fixed-rate retail and homestarter bonds cumulatively worth P25 billion. On another note, the shelf registration of the company will be valid until 2019. Until then, they may issue to exercise the P25 billion remaining of the three-year debt program. Proceeds of the offering will be used to finance capital expenditures.
- In the local fixed income space, prices of government securities fell significantly with some flattening in the curve as investors positioned against shorter duration in anticipation of US economic data. Yields increased by an average of 26.02 bps, as the short-, belly, and long-end of the curve rose by 29.8, 32.1, and 10.8 bps.
- The Peso traded sideways with a downward bias against the US Dollar as negative investor sentiment brushed off positive Philippine economic data (e.g. property prices, remittances, etc.). The USD / PHP pair rose by 8.5 centavos or 0.18%, closing at 48.525.

## US and Europe

- US stocks lost ground on Monday as oil prices continued to drop, and as investors digested Fed Vice Chair Stanley Fischer's statements indicating his preference for hiking rates sooner. The Dow Jones Industrial Average lost 51.98 points, or -0.29%, to 18,086.40 while the S&P 500 gave up 6.48 points, or -0.30%, to 2,126.50.
- The Empire State Manufacturing index contracted for the third straight month in October. The current reading shows a 6.8% decline, the lowest since May. Most of its components are also in the negative territory with new orders at -5.6%, shipments at -0.6% and employment at -4.7%. Analysts cited the strong US dollar as the main culprit behind the weak manufacturing numbers.
- US industrial production was flat for the month of September, inching only 0.1% compared to the August print of -0.5%. Manufacturing production rose 0.2% but business equipment fell by 0.2%. On a year-on-year basis, industrial production declined by 1%. This was attributed to the collapse in oil prices which started in 2014.
- US Treasuries due to the renewed demand for bonds amid weakness in the stock market. US Treasury yields fell after hitting four-month highs. The two-year note yield declined by 2.01 bps to 0.815% level while the 10-year bond yield lost 3.17 bps to 1.766%.
- European markets fell yesterday, dragged down by the energy segment and increasing sovereign bond yields. The yield on the 10-year gilt rose 2.7 bps to 1.121% and traded at the strongest levels since Brexit. The uncertainty in the fixed income markets were brought about by differences about the Brexit-negotiating strategies within the UK. The FTSE 100 (United Kingdom), CAC 40 (France), and DAX (Germany) fell by 0.9%, 0.5%, and 0.7% DoD, respectively. The FTSEurofirst 300 Index fell by 0.69%, closing at 1,332.26.
- The US dollar traded flat with a slight upward bias relative to the Euro as investors focused on statements from Federal Reserve Chairman Stanley Fischer warning the dangers of low rates. The EUR/USD pair rose by 0.18 cents (+0.16%) to close at the 1.0990 level.

## Asia Pacific

- Asian markets were mixed yesterday with a slight bias downwards as investors faced the uncertainty of a December Fed rate hike on one hand and positive economic data on the other. Mixed statements from Bank of Japan governor Haruhiko Kuroda did not help alleviate market uncertainty. The MSCI AC Asia Pacific Index fell 0.04%, to close at 138.11.

## Key Indicators

EQUITIES BENCHMARK INDICES	17-Oct-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,358.21	-0.42%	-2.34%	-2.59%	5.84%
MSCI World USD Index	1,687.84	-0.35%	-1.83%	-0.50%	1.51%
MSCI All Country Asia Pacific ex-Japan Total Returns	390.94	0.65%	-2.12%	1.22%	11.13%
MSCI Europe USD Index	1,428.19	-0.86%	-2.83%	-1.33%	-6.20%
FTSEurofirst 300 Index	1,332.26	-0.69%	-1.34%	0.28%	-7.32%
Dow Jones Industrial Average Index	18,086.40	-0.29%	-1.32%	-0.21%	3.80%
Standard & Poor's 500 Index	2,126.50	-0.30%	-1.72%	-0.59%	4.04%
YIELDS AND PRICES	17-Oct-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.5411	0.02%	0.18%	-1.05%	-1.13%
1-Year Philippine Treasury Bill Yield (PDST-R2)	1.8071	0.03%	0.26%	-0.30%	-0.56%
ROP2021 (Price)	108.181	(0.08)	(0.15)	(0.15)	(0.18)
ROP2034 (Price)	140.605	(0.62)	(2.54)	(1.80)	10.14
3-Month US Treasury Yield	0.2993	0.01%	-0.02%	0.02%	0.14%
2-year US Treasury Yield	0.8147	-0.02%	-0.02%	0.05%	-0.23%
10-year US Treasury Yield	1.7660	-0.03%	0.05%	0.07%	-0.50%
30-year US Treasury Yield	2.5216	-0.04%	0.07%	0.08%	-0.49%
3-Month German Treasury Bill Yield	-0.849	0.00%	0.00%	-0.11%	-0.31%
Dubai Crude Oil Spot (\$/bbl)	48.38	-3.10%	-1.12%	13.81%	50.58%
1-month Nymex oil futures (\$/bbl)	49.94	-0.81%	-2.75%	16.06%	34.83%
Gold Spot (\$/oz)	1,255.81	0.35%	-0.30%	-4.15%	18.31%
USD/PHP (PDEX close)	48.525	0.09	0.17	0.70	1.47

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets				
Last Trade as of		October 17, 2016		
Country	Index	Value	DoD Change	% Change
Asia Pacific	MSCI AC Asia Pacific Index	138.11	-	0.05 -
Australia	S&P/ASX 200 Index	5,388.68	-	45.35 -
China	Shanghai SE Comp Index	3,041.17	-	22.64 -
Hong Kong	Hang Seng Index	23,037.54	-	195.77 -
India	SENSEX	27,529.97	-	143.63 -
Indonesia	Jakarta Composite Index	5,410.30	+	10.42 +
Japan	Nikkei 225	16,900.12	+	43.75 +
Malaysia	KLCI	1,653.71	-	5.26 -
New Zealand	NZX 50 Index	7,066.37	-	66.89 -
Singapore	Straits Times Index	2,817.07	+	1.83 +
South Korea	KOSPI	2,027.61	+	4.95 +
Taiwan	TWSE	9,176.22	+	11.05 +
Thailand	SET Index	1,477.34	-	0.27 -

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	17-Oct-16	14-Oct-16	Difference		17-Oct-16	14-Oct-16	Difference
1 month	3.0102	2.0723	+ 0.938	4 year	3.5554	3.1050	+ 0.450
3 month	1.5411	1.5179	+ 0.023	5 year	3.7946	3.7882	+ 0.006
6 month	2.2571	2.0536	+ 0.204	7 year	3.7444	3.6542	+ 0.090
1 year	1.8071	1.7786	+ 0.029	10 year	4.1696	3.8570	+ 0.313
2 year	2.9036	2.5539	+ 0.350	20 year	4.7054	4.6946	+ 0.011
3 year	3.4589	2.7500	+ 0.709				

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/19/2016	Philippines BOP	Sep	10/18/2016	US CPI Urban Consumers MoM SA	Sep
10/19/2016	Philippines Budget Balance Monthly	Aug	10/19/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 14
10/28/2016	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Sep	10/19/2016	US New Privately Owned Housing Units Started by Structure Total SAAR	Sep
10/28/2016	Philippines Commercial Banks Loan Outstanding Total Net YoY	Sep	10/20/2016	US Initial Jobless Claims SA	Oct 15
			10/20/2016	US Existing Homes Sales SAAR	Sep
			10/20/2016	Conference Board US Leading Index MoM	Sep
			10/25/2016	Conference Board Consumer Confidence SA 1985=100	Oct
			10/27/2016	US Durable Goods New Orders Industries MoM SA	Sep P
			10/28/2016	GDP US Chained 2009 Dollars QoQ SAAR	3Q A
			10/28/2016	University of Michigan Consumer Sentiment Index	Oct F

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