

Local

- The local equities market ended flat as investors stayed on the sidelines ahead of the EU and US GDP releases this week as well as the upcoming Federal Open Market Committee (FOMC) meeting. The PSEi index lost 5.26 points or -0.07%, closing at 7,250.13. Sectoral indices were mixed with property (-1.09%) declining the most and industrial gaining as much as 56.11 points or -0.48%. Market breadth was negative with 112 declines outperforming 86 advances while 45 issues remained unchanged. Total value turnover reached Php6.04 billion. Foreigners were net buyers at Php12.86 million.
- Data from the Bangko Sentral nd Pilipinas (BSP) showed that BDO Unibank Inc. (PSE ticker: BDO) maintained its dominance in the banking industry in terms of total assets, capital, deposits and loans. BDO topped the list in 2015 with total assets of Php1.94 trillion followed by Metropolitan Bank & Trust Co. (MBT) with Php1.46 trillion. Meanwhile, Bank of the Philippine Islands (BPI) came in third with Php1.24 trillion followed by government-run Land Bank of the Philippines (LBP) with Php1.19 trillion. However, as a result of the merger of LBP and DBP, it now becomes the country's second largest bank with a combined asset base of Php1.71 trillion. BDO also dominated one in terms of capital with Php198.64 billion, in terms of deposits with Php1.6 trillion and in terms of total loans and deposits with Php1.32 trillion.
- The Department of Agriculture (DA) is proposing a more than 50% increase in its budget for 2017. They estimated their budget to reach Php83.6 billion, 55% higher than the Php54 billion approved this year. This amount will be spent on rural infrastructure, logistics, research and development, and additional support to the rice sector. Approximately Php19.2 billion will be allocated for farm-to-market roads (FMRs) to increase production, reduce costs, minimize post-harvest losses, and expand market opportunities for both producers and consumers. Around Php9.6 billion will be allotted for the Philippine Rural Development Project while Php9.1 billion will be for its rice program and Php6.1 billion is earmarked for its fisheries program.
- On the local fixed income space, market players remained on the sidelines ahead of the FOMC meeting this week. However, expectations of a more hawkish tone from the Fed caused bond yields on the long-end to rise slightly. On average, yields declined by 2.45 basis points led by the belly and short-end of the curve, which fell 7.1 and 0.3 basis points, respectively. Meanwhile, the long-end of the curve rose 2.5 basis points.
- The Peso traded sideways with a slight downward bias vis-a-vis the US Dollar yesterday tracking the flat performance of regional EM currencies versus the greenback. Global investors likely took profit on EM-ASEAN currencies, and equity bourses, as they reduced risk ahead of the Fed meeting and release of US 1st Quarter GDP print this week. The USD/PHP pair rose 20 centavos, or +0.43%, to close yesterday's trading at the 46.85 level.

US and Europe

- US equities ended modestly lower as investors remained cautious ahead of the FOMC meeting this week, as well as more corporate earnings results to be released. Lower oil prices led to losses in the energy sector. The Dow Jones Industrial Average index shed 26.51 points, or -0.15%, to 17,977.24 and the S&P500 index eased 3.79 points, or 0.2%, to 2,087.79.
- New home sales in the US decline for a third straight month last March. New home sales were down 1.5% MoM, much lower than the market estimate of a 1.6% gain, to a seasonally adjusted annual rate of 511,000, compared to the market estimate of 520,000. Nevertheless, the sales pace last March kept the market on target to beating 501,000 new homes in 2015, the highest annual total since 2007.
- European equities lost ground following weak German business sentiment and a batch of disappointing corporate earnings. The FTSEurofirst300 index dropped 7.84 points to 1,364.13.
- For the month of April, German business sentiment fell for a fourth month out of five. The Ifo economic institute stated that its business climate edged slightly lower to 106.6, compared to the market estimate of 107.0, from March's 106.7. Ifo economic Klaus Wohlrabe stated that the mood in the German economy was good, but not euphoric, citing concerns about weakening exports linked to a slowdown in the US and China.
- US Treasury prices continued to fall despite lower oil prices and a firm Japanese Yen. The day's weak two-year note auction and caution ahead of the upcoming FOMC and BOJ meetings kept investors on their toes. The two-year note yield climbed 1.2bps to 0.83% and the 10-year bond yield rose 2bps to 1.907%.
- The US Dollar traded sideways with a slight downward bias relative to the Euro yesterday on poor US new homes sales data and steady business confidence in Germany. Sales of new US homes fell for the 3rd month straight last March, falling -1.5% (vs. Mkt. Est. +1.6%) to 511,000 units annually versus consensus of 520,000. Business sentiment was also steady in Germany, per the Ifo economic institute, printing at 106.6 for April versus 106.7 in March. The EUR/USD pair rose 0.39 US cents, or +0.35%, to close yesterday's trading at the 1.1261 level.

Asia Pacific

- Asian markets closed broadly lower yesterday as investors curbed risk appetite ahead of two key central bank meetings; the FOMC and BoJ gatherings this week. For Japan's part, it's largely believed further accommodation through direct intervention or more cuts into negative territory are on the table. The Yen, however, strengthened leading the Nikkei to slide. The specter of state-owned-enterprise defaults in China resurfaced yesterday, dampening interest on Chinese quasi-sovereign debt. That coupled with the rush to participate in a budding commodity rally, caused mainland bourses to fall. The Nikkei, Hang Seng, SHCOMP and CSI300 fell 133.19 points (-0.76%, day-on-day), 162.60 points (-0.76%, day-on-day), 12.57 points (-0.42%, day-on-day) and 12.87 points (-0.41%, day-on-day), respectively, to close at 17,439.30, 21,304.44, 2,959.24 and 3,162.03.

Key Indicators

EQUITIES BENCHMARK INDICES					
	25-Apr-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,250.13	-0.07%	0.09%	-1.49%	4.29%
MSCI World USD Index	1,682.68	-0.21%	0.44%	3.63%	1.20%
MSCI All Country Asia Pacific ex-Japan Total Returns	364.15	-0.87%	0.55%	3.95%	3.52%
MSCI Europe USD Index	1,500.47	-0.35%	0.21%	4.62%	-1.46%
FTSEurofirst 300 Index	1,364.13	-0.57%	0.65%	3.57%	-5.11%
Dow Jones Industrial Average Index	17,977.24	-0.15%	-0.15%	2.63%	3.17%
Standard & Poor's 500 Index	2,087.79	-0.18%	-0.31%	2.55%	2.15%
YIELDS AND PRICES					
	25-Apr-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.9233	0.20%	0.01%	0.17%	-0.74%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.4033	-0.02%	0.45%	0.27%	0.03%
ROP2021 (Price)	109.842	(0.04)	(0.25)	0.21	1.43
ROP2034 (Price)	143.832	(0.36)	(0.93)	3.49	13.13
3-Month US Treasury Yield	0.2492	0.02%	0.05%	-0.03%	0.09%
2-year US Treasury Yield	0.8299	0.01%	0.09%	-0.04%	-0.22%
10-year US Treasury Yield	1.9128	0.02%	0.14%	0.01%	-0.36%
30-year US Treasury Yield	2.7332	0.03%	0.15%	0.06%	-0.28%
3-Month German Treasury Bill Yield	-0.619	0.00%	-0.02%	-0.06%	-0.08%
Dubai Crude Oil Spot (\$/bbl)	40.57	-1.39%	7.24%	15.52%	26.27%
1-month Nymex oil futures (\$/bbl)	42.64	-2.49%	7.19%	8.06%	15.12%
Gold Spot (\$/oz)	1,237.92	0.44%	0.44%	1.76%	16.63%
USD/PHP (PDEX close)	46.850	0.20	0.70	0.45	(0.21)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets						
		Last Trade as of		April 25, 2016		
Country	Index	Value	DoD Change	% Change		
Asia Pacific	MSCI AC Asia Pacific Index	132.79	-	0.29	-	0.22
Australia	S&P/ASX 200 Index	5,236.37		0.00		0.00
China	Shanghai SE Comp Index	2,946.67	-	12.57	-	0.42
Hong Kong	Hang Seng Index	21,304.44	-	162.60	-	0.76
India	SENSEX	25,678.93	-	159.21	-	0.62
Indonesia	Jakarta Composite Index	4,878.86	-	35.88	-	0.73
Japan	Nikkei 225	17,439.30	-	133.19	-	0.76
Malaysia	KLCI	1,714.51	-	3.45	-	0.20
New Zealand	NZX 50 Index	6,866.11		0.00		0.00
Singapore	Straits Times Index	2,900.28	-	40.15	-	1.37
South Korea	KOSPI	2,014.55	-	0.94	-	0.05
Taiwan	TWSE	8,560.28	+	24.53	+	0.29
Thailand	SET Index	1,408.71	-	2.10	-	0.15

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	25-Apr-16	22-Apr-16	Difference		25-Apr-16	22-Apr-16	Difference
1 month	2.1750	2.1500	+ 0.025	4 year	3.1363	3.1289	+ 0.007
3 month	1.9233	1.7267	+ 0.197	5 year	3.9783	3.4206	+ 0.558
6 month	1.7425	1.9600	- 0.218	7 year	3.5334	3.5256	+ 0.008
1 year	2.4033	2.4183	- 0.015	10 year	4.7283	4.6983	+ 0.030
2 year	2.6200	3.5670	- 0.947	20 year	5.2107	5.1667	+ 0.044
3 year	3.7350	3.7183	+ 0.017				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
4/29/2016	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Mar	4/26/2016	Conference Board Consumer Confidence SA 1985=100	Apr
4/29/2016	Philippines Commercial Banks Loan Outstanding Total Net YoY	Mar	4/26/2016	US Durable Goods New Orders Industries MoM SA	Mar P
5/2/2016	Philippines Budget Balance Monthly	Feb	4/27/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Apr 22
5/5/2016	Philippines CPI All items YoY% 2006=100	Apr	4/28/2016	US Initial Jobless Claims SA	Apr 23
5/5/2016	Philippines CPI All items MoM% 2006=100	Apr	4/28/2016	Federal Funds Target Rate - Upper Bound	Apr 27
5/5/2016	Philippines Core Inflation YoY 2006=100	Apr	4/28/2016	GDP US Chained 2009 Dollars QoQ SAAR	1Q A
5/6/2016	Philippines Gross Intl Reserves	Apr	4/29/2016	University of Michigan Consumer Sentiment Index	Apr F
			5/2/2016	ISM Manufacturing PMI SA	Apr
			5/6/2016	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Apr
			5/6/2016	U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted	Apr

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