

Local

- The local equities continued to rally as speculations of a delayed liftoff until next year rose after various economic data from the US disappointed. The PSEi gained 93.56 points, or +1.34%, to close at 7,055.49. All sectors ended in green led by the services (+2.51%) and financials (1.15%). Market breadth was positive with 113 advances outnumbering 67 declines, while 46 issues remained unchanged. Value turnover reached Php13.63 billion. Foreign investors were buyers at Php114.52 million.
- World Bank reported lower projections on Philippine economic growth until 2017 as GDP growth slowed down due to government underspending and major effect of a stronger El Nino which pulls down farmer's revenue and weakens exports, although still seen stronger compared to others in Asia Pacific. Report said, had the government spent as planned, the Philippine economy could have been at 8.5% growth instead of 6.1% as Government spending historically contributes 20% to GDP. However, recovery is expected next year as government spending is projected to catch up, with election-related expense to lift public disbursements.
- Supreme Court has ordered a Php6.54 million refund to Chevron Philippines, Inc. on excise taxes paid erroneously on petroleum products sold to Clark Development Corp. (CDC) from August to December 2007. However, the minority justices considered the grant of exemption as a form of "judicial legislation" since Sec. 135(c) of the National Internal Revenue Code (NIRC) did not explicitly allow refunds for tax-exempt entities. They believed that the manufacturers, sellers and importers have to shoulder the burden of the excise tax even if the buyers and international carriers are exempt from paying excise tax.
- The local fixed income space saw cautious trading as market players looked to lock-in gains for the month and take advantage of the recent rally in government securities. Yields were down across the curve, led by the short-end, which fell as much as 22.8 basis points. Meanwhile, the belly and the long-end of the curve fell 11.3 and 1.5 basis points, respectively.
- The Peso traded flat relative to the US Dollar yesterday, hardly appreciating despite the US Markit PMI (non-manufacturing and service) miss for September, and the regional rally on renewed, slightly risk-on sentiment following expectations of a 2016 Fed lift-off. The USD/PHP pair fell 1 centavo, or -0.022%, to close yesterday's trading at the 46.47 level.

US and Europe

- US equities ended mixed as gains in energy stocks were offset by weakness in biotech shares. The Dow Jones Industrial Average edged up 13.29 points to 16,789.72 while the S&P 500 declined 7.12 points to 1,979.93.
- For the month of August, the US trade gap expanded by 15.6% to a seasonally adjusted US\$48.33 billion compared to the market estimate of US\$48 billion, reflecting a fall in exports of 1.2%. This was the lowest level since October 2012, and due in part to a fall in oil prices. Meanwhile, imports were up 1.2% as consumer goods imports rose.
- According to the International Monetary Fund (IMF), a slowdown in emerging market growth is leading the economy into the slowest growth since the financial crisis. It further warned that there was a rising risk of a global recession as it downgraded its global growth forecast. For emerging markets, the IMF lowest its growth forecast to 4% in 2015, down 0.2% from its update last July. This marks the fifth straight year of falling growth and nearly half the rate recorded by the IMF six years ago. Moreover, the IMF cut its projections for global growth to 3.1% from its previous forecast of 3.3% and reduced its prediction for global growth in 2016 by the same amount to 3.6%.
- US Treasury yields fell following a solid 3-year note auction and after renewed worries about a weakening global economy led to flight to safe-haven government securities. The IMF downgraded its global growth forecast for the second time this year due to weak commodity prices and China's economic slowdown. Longer-tenored 10-year and 30-year declined by 2 and 3 basis points to end the day at 2.0315% and 2.8686%, respectively. Meanwhile, 2-year yields ended the day flat at 0.6012%.
- European equities were slightly up for a third day as market players expect continued accommodative monetary policies from central banks. The FTSEurofirst 300 index gained 0.65% to close at the 1,422.12 level.
- The US Dollar traded sideways with an upward bias relative to the Euro yesterday as investors bargain-hunted after the post-NFP miss weakness and as German industrial orders for August fell 1.8% from its July level. The EUR/USD pair fell 0.29 US cents, or -0.26%, to close yesterday's trading at the 1.1216 level.

Asia Pacific

- The Japanese Nikkei's days-long rally tempered yesterday on profit-taking after a few sessions of Wall-Street led strength and anticipation over the successful Trans-Pacific Partnership negotiations added to the bullish sentiment in Japan. The Nikkei gained 180.61 points, or +1.00% (day-on-day), to close yesterday's trading at the 18,186.10 level. Chinese markets remained closed for the Golden Week holiday.

Key Indicators

EQUITIES BENCHMARK INDICES	6-Oct-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,055.49	1.34%	2.86%	0.05%	-2.42%
MSCI World USD Index	1,640.98	0.21%	5.84%	2.84%	-5.24%
MSCI All Country Asia Pacific ex-Japan Total Returns	348.16	0.85%	6.03%	5.56%	-10.47%
MSCI Europe USD Index	1,560.65	1.10%	6.87%	3.46%	-4.14%
FTSEurofirst 300 Index	1,422.12	0.65%	6.42%	2.12%	3.28%
Dow Jones Industrial Average Index	16,790.19	0.08%	4.62%	4.27%	-6.92%
Standard & Poor's 500 Index	1,979.92	-0.36%	5.09%	3.06%	-5.29%
YIELDS AND PRICES	6-Oct-15	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	2.2714	0.00%	0.00%	0.00%	-0.27%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.6886	0.00%	0.00%	0.00%	-0.01%
ROP2021 (Price)	108.942	(0.04)	1.57	0.99	0.69
ROP2034 (Price)	132.792	0.44	2.34	(0.15)	(1.08)
3-Month US Treasury Yield	-0.0051	0.01%	0.01%	-0.03%	-0.01%
2-year US Treasury Yield	0.6012	-0.00%	-0.05%	-0.11%	-0.11%
10-year US Treasury Yield	2.0315	-0.02%	-0.02%	-0.09%	-0.17%
30-year US Treasury Yield	2.8686	-0.03%	0.02%	-0.02%	0.10%
3-Month German Treasury Bill Yield	-0.354	0.01%	0.03%	-0.03%	-0.17%
Dubai Crude Oil Spot (\$/bbl)	47.30	1.28%	7.60%	-2.89%	-16.00%
1-month Nymex oil futures (\$/bbl)	48.53	4.91%	7.30%	5.39%	-9.48%
Gold Spot (\$/oz)	1,147.24	1.02%	1.76%	2.12%	-3.05%
USD/PHP (PDEX close)	46.470	(0.01)	(0.46)	(0.26)	1.75

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of October 6, 2015					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	129.02	+ 1.12	+ 0.88	
Australia	S&P/ASX 200 Index	5,167.40	+ 16.87	+ 0.33	
China	Shanghai SE Comp Index	3,052.78	0.00	0.00	
Hong Kong	Hang Seng Index	21,831.62	- 22.88	- 0.10	
India	SENSEX	26,932.88	+ 147.33	+ 0.55	
Indonesia	Jakarta Composite Index	4,445.78	+ 102.08	+ 2.35	
Japan	Nikkei 225	18,186.10	+ 180.61	+ 1.00	
Malaysia	KLCI	1,662.51	+ 14.92	+ 0.91	
New Zealand	NZX 50 Index	5,668.11	+ 37.57	+ 0.67	
Singapore	Straits Times Index	2,897.41	+ 46.16	+ 1.62	
South Korea	KOSPI	1,990.65	+ 12.40	+ 0.63	
Taiwan	TWSE	8,394.10	+ 41.74	+ 0.50	
Thailand	SET Index	1,370.69	+ 7.52	+ 0.55	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)									
	6-Oct-15	5-Oct-15	Difference			6-Oct-15	5-Oct-15	Difference	
1 month	1.2975	1.2966	+	0.001	4 year	3.7517	3.7683	-	0.017
3 month	1.4570	1.4910	-	0.034	5 year	3.4850	3.4861	-	0.001
6 month	1.4229	1.5070	-	0.084	7 year	4.2363	4.2430	-	0.007
1 year	1.8327	2.6263	-	0.794	10 year	3.7218	3.7333	-	0.011
2 year	2.8500	3.3933	-	0.543	20 year	5.1747	5.2067	-	0.032
3 year	3.1139	3.1101	+	0.004					

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/7/2015	Philippines Gross Intl Reserves	Sep	10/7/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 2
10/9/2015	Philippines External Trade Exports YoY	Aug	10/8/2015	US Initial Jobless Claims SA	Oct 3
10/9/2015	Philippines External Trade Exports	Aug	10/9/2015	US Import Price Index by End Use All MoM NSA	Sep
10/15/2015	Philippines Overseas Filipino Workers Remittances YoY	Aug	10/9/2015	Merchant Wholesalers Inventories Total Monthly % Change	Aug
10/15/2015	Philippines Overseas Filipino Workers Remittances	Aug	10/14/2015	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Sep
			10/15/2015	US CPI Urban Consumers MoM SA	Sep
			10/15/2015	US Empire State Manufacturing Survey General Business Conditions SA	Oct
			10/15/2015	Philadelphia Fed Business Outlook Survey Diffusion Index General Conditions	Oct
			10/16/2015	US Industrial Production MOM SA	Sep
			10/16/2015	University of Michigan Consumer Sentiment Index	Oct P

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