

## Local

- The equities market ended higher as sentiment continued to improve across the globe on the back of the Fed's dovish statements and rebound in commodity prices. The PSEi gained 11.38 points, or 0.16%, to 7,150.29. Most indices rose led by the mining and oil (+4.12%), services (+1.05%) and industrial (+0.87%). Market breadth was positive with 120 advances outnumbering 72 declines, while 32 issues were unchanged. Total value turnover reached Php5.81 billion. Foreign investors were net buyers at Php39.0 million.
- In a report from the BSP, it showed that foreign direct investments (FDI) rose marginally by 1.6% to US\$458 million in July 2015 from US\$451 million in the same month last year. However, for the seven months ending July 2015, net FDI inflows declined by 35.2% to US\$2.5 billion from US\$3.8 billion. Net equity capital investments increased by 45.3% in July while non-residents' investments in debt instruments or intercompany borrowings dropped by 20.7%. Most of the equity capital inflows came from Singapore, Hong Kong, US, Japan and UK. In terms of economic activity, inflows were mainly invested to financial and insurance, mining and quarrying, real estate, manufacturing, and wholesale and retail trade activities.
- Rockwell Land Corp. (PSE ticker: ROCK) announced that it will partner with global hotel chain operator, Marriott International, Inc. to expand its hotel and leisure business in Cebu. The company is acquiring a beachfront property in Mactan Island, Cebu which may be part of Marriott's Autograph Collection Hotels. The hotel will be managed by Marriott but ROCK intends to keep their name in the project so as to capitalize on the brand.
- On the local fixed income space, government securities once again showed lackluster trading as most dealers were sidelined amid the lack of fresh market developments. Slight peso appreciation sparked some interest towards short-dated T-bills, though longer-dated tenors saw little action. Yields climbed by an average of 4.25 basis points led by the short- and long-ends of the curve, which rose by 13.1 and 0.4 basis points, respectively.
- The Peso traded flat with a slight upward bias relative to the US Dollar on strengthening conviction that Fed liftoff will be postponed, yet again, possibly into 2016. The BSP also reported last week that our Gross International Reserves (GIR) crept up by ~USD 60 Mn. to USD 80.31 Bn last July as YTD-July OFW inflows grew 4.6% to USD 15.67 Bn. The USD/PHP pair fell 7 centavos, or -0.15%, to close yesterday's trading at the 45.80 level.

## US and Europe

- US equities closed Monday on a slightly higher note, overcoming a decline in oil prices as investors remained cautious ahead of the corporate earnings season. The Dow Jones Industrial Average index advanced 47.37 points, or 0.3%, to 17,131.86 and the S&P500 index tickled up 2.56 points to 2,017.45.
- According to Federal Reserve Vice Chairman Stanley Fischer, the FOMC is adopting a cautious approach on interest rates, especially as developments overseas gain more focus as of late. He added that there may have been more comments on foreign economic developments in recent FOMC statements than was common in the past, which was natural given the increasing influence of foreign economic developments on the US economy, both through imports and exports, and through capital account developments.
- Federal Reserve Bank of Atlanta leader Dennis Lockhart reiterated that he expects the Fed to raise short-term rates within the year. There was, he said, a substantial amount of expectation of an October or September liftoff. He further added that if conditions develop that they were not required to move in that period, there would be participants in the market who were financially disappointed by that decision.
- The bond market was closed for the Columbus Day holiday.
- European equities ended the trading day a tad lower as the market consolidated after last week's rally. Decliners were led by civil aerospace stocks, while German utilities advanced after concerns over nuclear costs abated. The FTSEurofirst 300 index shed 0.17% to close at 1,430.30.
- The US Dollar traded flat vis-a-vis the Euro yesterday amid profit-taking in Euro markets, a significant fall in crude oil prices overnight and mounting expectations that Fed liftoff would be delayed to December or possibly next year. Meanwhile, Senior ECB officials added to the neutral sentiment saying the body stood ready to expand QE in the Eurozone, while labeling such a decision as "premature". The EUR/USD pair remained unchanged overnight, closing yesterday's trading at the 1.1358 level.

## **Asia Pacific**

- The Chinese CSI 300 rallied strongly yesterday on a liquidity infusion on the part of the PBoC. Further, the regulator commented that the recent correction in Chinese markets was "almost over". Markets expect further stimulative policy as part of the Party's next 5 year plan. Japanese markets were closed on holiday, yesterday. The CSI 300 rallied 107.58 points (+3.22%) to close at 3,447.69.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>12-Oct-15</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	7,150.29	0.16%	2.71%	3.46%	-1.11%
MSCI World USD Index	1,674.39	0.04%	2.25%	2.91%	-3.31%
MSCI All Country Asia Pacific ex-Japan Total Returns	364.05	0.80%	5.45%	7.30%	-6.38%
MSCI Europe USD Index	1,584.91	-0.12%	2.67%	2.74%	-2.65%
FTSEurofirst 300 Index	1,430.30	-0.17%	1.23%	2.09%	3.88%
Dow Jones Industrial Average Index	17,131.86	0.28%	2.12%	4.25%	-5.02%
Standard & Poor's 500 Index	2,017.46	0.13%	1.53%	2.88%	-3.50%
<b>YIELDS AND PRICES</b>	<b>12-Oct-15</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
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)	108.817	(0.01)	(0.17)	0.70	0.57
ROP2034 (Price)	133.360	0.37	1.00	0.04	(0.51)
3-Month US Treasury Yield	0.0000	0.00%	0.01%	-0.03%	0.00%
2-year US Treasury Yield	0.6370	0.00%	0.03%	-0.07%	-0.07%
10-year US Treasury Yield	2.0881	0.00%	0.03%	-0.10%	-0.11%
30-year US Treasury Yield	2.9174	0.00%	0.02%	-0.04%	0.14%
3-Month German Treasury Bill Yield	-0.332	0.02%	0.04%	0.01%	-0.15%
Dubai Crude Oil Spot (\$/bbl)	50.41	-1.29%	7.94%	8.85%	-10.48%
1-month Nymex oil futures (\$/bbl)	47.10	-5.10%	1.82%	5.53%	-12.14%
Gold Spot (\$/oz)	1,163.85	0.57%	2.48%	5.06%	-1.64%
USD/PHP (PDEX close)	45.800	(0.07)	(0.68)	(1.09)	1.08

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>						
		Last Trade as of <b>October 12, 2015</b>				
Country	Index	Value	DoD Change	% Change		
Asia Pacific	MSCI AC Asia Pacific Index	134.13	+ 0.80	+ 0.60		
Australia	S&P/ASX 200 Index	5,232.87	- 46.82	- 0.89		
China	Shanghai SE Comp Index	3,287.66	+ 104.51	+ 3.28		
Hong Kong	Hang Seng Index	22,730.93	+ 272.13	+ 1.21		
India	SENSEX	26,904.11	- 175.40	- 0.65		
Indonesia	Jakarta Composite Index	4,630.71	+ 41.36	+ 0.90		
Japan	Nikkei 225	18,438.67	0.00	0.00		
Malaysia	KLCI	1,709.86	+ 3.32	+ 0.19		
New Zealand	NZX 50 Index	5,689.83	+ 51.05	+ 0.91		
Singapore	Straits Times Index	3,032.11	+ 33.61	+ 1.12		
South Korea	KOSPI	2,021.63	+ 2.10	+ 0.10		
Taiwan	TWSE	8,573.72	+ 127.76	+ 1.51		
Thailand	SET Index	1,412.49	+ 1.16	+ 0.08		

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	12-Oct-15	9-Oct-15	Difference		12-Oct-15	9-Oct-15	Difference
1 month	2.3594	1.3650	+ 0.994	4 year	3.7390	3.7523	- 0.013
3 month	1.3696	1.8025	- 0.433	5 year	3.4899	3.4850	+ 0.005
6 month	1.5650	1.5640	+ 0.001	7 year	4.2083	4.2217	- 0.013
1 year	2.2900	2.3283	- 0.038	10 year	3.7200	3.7258	- 0.006
2 year	2.6492	2.6500	- 0.001	20 year	5.1583	5.1400	+ 0.018
3 year	3.1073	3.1114	- 0.004				

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
10/15/2015	Philippines Overseas Filipino Workers Remittances YoY	Aug	10/14/2015	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Oct 9
10/15/2015	Philippines Overseas Filipino Workers Remittances	Aug	10/14/2015	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Sep
10/19/2015	Philippines BOP	Sep	10/15/2015	US Initial Jobless Claims SA	Oct 10
			10/15/2015	US CPI Urban Consumers MoM SA	Sep
			10/15/2015	US Empire State Manufacturing Survey General Business Conditions SA	Oct
			10/16/2015	US Industrial Production MOM SA	Sep
			10/16/2015	University of Michigan Consumer Sentiment Index	Oct P
			10/20/2015	US New Privately Owned Housing Units Started by Structure Total SAAR	Sep
			10/22/2015	US Existing Homes Sales SAAR	Sep
			10/22/2015	Conference Board US Leading Index MoM	Sep

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