

Local

- The local equities market retreated as profit-takers dominate the trading after last week's rally. The PSEi lost 136.85 points, or 1.91%, to 7,013.44. All indices declined led by the property (-2.03%) and financials (-1.92%). Market breadth was negative with 109 declines outnumbering 66 advances, while 43 issues were unchanged. Total value turnover reached Php7.29 billion. Foreign investors were net sellers at Php1.11 billion.
- Aboitiz Power Corp. (PSE ticker: AP) announced its plans to invest as much as US\$500 million over the next five years in Southeast Asia. Their main focus is Indonesia but they are also interested in projects in Vietnam and Myanmar. AP has recently agreed to take part in the feasibility studies with Indonesian firms, SN Power AS and PT Energi Infranasantara, for a hydroposer generation project along the Lariang River in Central Sulawesi. Most of the funds will be coming from the company's internal cash flows from its existing business.
- Socioeconomic Planning Secretary Arsenio Balisacan said that the inter-agency El Niño Task Force will propose an additional 1 million metric tons (MT) of rice imports, on top of the already approved 500K MT. The additional rice imports may be needed to maintain a 45-day buffer stock given the expectations of an intense El Niño phenomenon. Year-to-date, the government has already imported 1.1 million MT and they are expecting an additional 850K MT to arrive by the fourth quarter.
- On the local fixed income space, prices of government securities moved sideways once more on the lack of market leads. Yields rose by an average of 3.31 basis points led by the short-end of the curve, which rose by 9.9 basis points. Meanwhile, the belly and long-end of the curve ended the day barely changed.
- The Peso traded flat with a slight downward bias relative to the US Dollar today on bargain-hunting following the greenback's weakness of recent days. Overall, the US Dollar outperformed EM Asia currencies and risk-assets like crude oil, which fell sharply overnight. The USD/PHP pair rose 27.5 centavos, or +0.60%, to close today's trading at the 46.08 level.

US and Europe

- US equities lost ground following another round of weak trade data from China, which fanned concerns that the second largest economy's 3Q15 GDP growth number could fall behind the target. The Dow Jones Industrial Average index slipped 49.97 points, or 0.3%, to 17,081.89 while the S&P500 index lost 13.77 points, or 0.7%, to 2,003.69.
- In the US, small-business owner confidence regarding the economy improved slightly last September. The National Federation of Independent Business's small-business optimism index edged higher to 96.1, beating the market estimate of 95.5, following the 95.9 posted last August. While others did not seem to be overly concerned about the antics of the stock market, financial market volatility didn't provide minor declines, according to the report.
- German investor morale declined last October to the lowest level in a year. According to the ZEW, the index of economic sentiment plunged to 1.9 points from 12.1 in September, the weakest reading since October 2014. The exhaust gas scandal of Volkswagen and the weak growth of emerging markets dampened the outlook for the economy in Germany.
- US Treasury prices rallied following the release of data showing a 20% drop in China's imports, which sustained speculations that the Fed will delay the first interest rate hike until next year due to concerns on global growth. The 2-year and 10-year yields declined two and four basis points to close at 0.6170% and 2.0439%, respectively.
- European stocks fell as investors reacted to the release of disappointing Chinese import data. The FTSEurofirst 300 index shed 0.92% to end the day at 1,417.16.
- The US Dollar fell relative to the Euro yesterday on poor German consumer sentiment. The index, known as ZEW, registered a score of 1.9 for early October, 10.2 points lower than the 12.1 recorded in September and well below consensus expectations of 6.8. The Volkswagen emissions scandal was cited by news reports as the culprit. The EUR/USD pair gained 0.21 US cents, or +0.18%, to close yesterday's trading at the 1.1379 level.

Asia Pacific

- The Chinese CSI 300 traded sideways with a downward bias yesterday as disappointing trade data renewed fears of a slowdown in China's economy. Exports and imports fell -3.7% and -20.4%, respectively. In Japan, sector-led deterioration in sentiment with regard to financials and consumerism caused the Nikkei to fall. The CSI 300 rallied 107.58 points (+3.22%) to close at 3,447.69. The CSI 300 and Nikkei fell 2.65 points (-0.08%, day-on-day) and 203.93 points (-1.11%, day-on-day), respectively, to close the day at 3,445.04 and 18,234.74.

Key Indicators

EQUITIES BENCHMARK INDICES	13-Oct-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,013.44	-1.91%	-0.60%	1.48%	-3.00%
MSCI World USD Index	1,661.07	-0.80%	1.22%	2.09%	-4.08%
MSCI All Country Asia Pacific ex-Japan Total Returns	360.41	-1.00%	3.52%	6.23%	-7.32%
MSCI Europe USD Index	1,570.26	-0.92%	0.62%	1.79%	-3.55%
FTSEurofirst 300 Index	1,417.16	-0.92%	-0.35%	1.15%	2.92%
Dow Jones Industrial Average Index	17,081.89	-0.29%	1.74%	3.95%	-5.30%
Standard & Poor's 500 Index	2,003.69	-0.68%	1.20%	2.17%	-4.16%
YIELDS AND PRICES	13-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)	108.976	0.16	0.03	0.86	0.73
ROP2034 (Price)	133.258	(0.10)	0.47	(0.06)	(0.62)
3-Month US Treasury Yield	0.0000	0.00%	0.01%	-0.03%	0.00%
2-year US Treasury Yield	0.6170	-0.02%	0.02%	-0.09%	-0.09%
10-year US Treasury Yield	2.0439	-0.04%	0.01%	-0.14%	-0.16%
30-year US Treasury Yield	2.8843	-0.03%	0.02%	-0.07%	0.11%
3-Month German Treasury Bill Yield	-0.336	-0.00%	0.02%	0.01%	-0.15%
Dubai Crude Oil Spot (\$/bbl)	47.36	-6.05%	0.13%	2.27%	-15.89%
1-month Nymex oil futures (\$/bbl)	46.66	-0.93%	-3.85%	4.55%	-12.96%
Gold Spot (\$/oz)	1,168.80	0.43%	1.88%	5.51%	-1.22%
USD/PHP (PDEX close)	46.075	0.28	(0.39)	(0.81)	1.36

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of October 13, 2015					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	132.83	-	1.30	- 0.97
Australia	S&P/ASX 200 Index	5,202.85	-	30.01	- 0.57
China	Shanghai SE Comp Index	3,293.23	+	5.57	+ 0.17
Hong Kong	Hang Seng Index	22,600.46	-	130.47	- 0.57
India	SENSEX	26,846.53	-	57.58	- 0.21
Indonesia	Jakarta Composite Index	4,483.08	-	147.63	- 3.19
Japan	Nikkei 225	18,234.74	-	203.93	- 1.11
Malaysia	KLCI	1,711.14	+	1.28	+ 0.07
New Zealand	NZX 50 Index	5,702.82	+	12.99	+ 0.23
Singapore	Straits Times Index	2,984.88	-	47.23	- 1.56
South Korea	KOSPI	2,019.05	-	2.58	- 0.13
Taiwan	TWSE	8,567.92	-	5.80	- 0.07
Thailand	SET Index	1,406.69	-	5.80	- 0.41

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	13-Oct-15	12-Oct-15	Difference		13-Oct-15	12-Oct-15	Difference
1 month	2.3937	2.3594	+ 0.034	4 year	3.7473	3.7390	+ 0.008
3 month	1.7875	1.3696	+ 0.418	5 year	3.4863	3.4899	- 0.004
6 month	1.5009	1.5650	- 0.064	7 year	4.2150	4.2083	+ 0.007
1 year	2.2967	2.2900	+ 0.007	10 year	3.7112	3.7200	- 0.009
2 year	2.6500	2.6492	+ 0.001	20 year	5.1667	5.1583	+ 0.008
3 year	3.0973	3.1073	- 0.010				

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