

Local

- The local equities market rebounded after the members of OPEC agreed to cut production which resulted to renewed optimism towards the emerging markets. The PSEi gained 83.67 points or +1.23%, closing at 6,864.87. Except for the industrial sector which fell 0.18%, all the other sectors ended in green, led by the financials (1.99%) and property (1.88%). Market breadth was positive with 121 advances outnumbering 64 declines, while 37 names remained unchanged. Total value turnover reached Php9.36 billion. Foreigners were net buyers at Php140.92 million.
- The Department of Labor and Employment (DoLE) reported that the government targets to create around 7.2 million jobs by 2022. They plan to do this by generating 1.2 million jobs each year starting in the middle of 2017. When compared to the past administration's employment targets, this is much higher coming from 4.3 million jobs. According to Labor Secretary Dominador R. Say, this target is achievable as the government is banking on the employment expansion in various industries like aeronautics, manufacturing, services, and construction industries. Also, DoLE noted that the past administration was able to generate 1 million jobs each year for 3 years thus another evidence that it could really be done as the economy is growing as well. In order to make jobs more sustainable, the department would partner with Technical Education and Skills Development Authority (TESDA) to train those who will be hired especially in the construction industry.
- PLDT Inc, (PSE ticker: TEL) is allocating Php6.7 billion or \$136 million that will be coming from its share in an international consortium for the completion of its new undersea cable project that will connect to the United States (US) to meet demands for international bandwidth which have been showing growth trends. The cable is expected to finish in 3 years that would pass through Japan. According to PLDT's Chairman, Mr. Pangilinan, the said project will be able to provide an additional 12 terabytes of data when fully delivered. The company is hoping that the massive effort they're putting into the project would allow them to serve the internet needs of the group's mobile customers as well as its growing home and enterprise clients.
- Prices of local fixed income securities fell as investors preferred riskier assets on the back of positive sentiment coming from OPEC. Yields rose by an average of 9.71 bps, led by the belly and long-end of the curve, rising by 24.3 and 8.1 bps, respectively.
- The Philippine peso weakened vis-à-vis the US dollar as investors continued to rally behind optimism on US growth, rates, and inflation. The local currency closed at 49.760.

US and Europe

- US equities once again closed mixed in anticipation of the Fed rate hike this month. The Dow Jones Industrial Average increased by 68.35 points, +0.36%, to 19,191.93 while the S&P 500 fell 7.73 points, or -0.35%, to end at 2,191.08.
- According to The Institute for Supply Management, US manufacturing sector expanded in November with the purchasing manager's index (PMI) rising to 53.2 in November, beating market expectations of 52.5. This was led by two industries namely miscellaneous manufacturing and petroleum and coal products.
- In a report from the Labor Department, initial jobless claims rose 17,000 to 268,000 for the week ended November 26. This brought the four-week moving average to 251,500, up 500 only. Despite the increase, claims remained below the 300,000 level for the 91st straight week, which implies a healthy labor market.
- European stocks marginally fell as the FTSEurofirst 300 index lost 0.59% to close at 1,342.85. The decline comes despite positive surprises in the Euro-zone unemployment rate and manufacturing growth. Data from IHS Markit showed Thursday that Eurozone manufacturing growth came in at 52.2 in November, above forecasts at 51.8.
- US Treasuries plunged as economic data released recently continued to be strong, reinforcing the expectations of a rate hike this month. The 2-year yield rose 3.40 bps to 1.147% while the 10-year yield peaked to 2.49% but finished down at 2.448%, 6.72 bps higher than the previous day.
- The EUR/USD fell 0.41% to close at 1.0609 as news reports indicate some profit taking on the back of mixed data coming from the US (positive manufacturing data versus an increase in initial jobless claims). On the other hand, VIX rose by 0.72 to 14.05, indicating higher expected volatility – traditionally a bellweather for a stronger dollar.

Asia Pacific

- Asian equity indices traded flat with a slight downward with the MSCI AC Asia Pacific ex-Japan Index down 0.02% to close at 379.78. Energy-focused stock markets in Asia were among the best performers on Thursday, with Indonesian markets rising 0.9% and the Malaysian markets adding 0.5%. Furthermore, strong manufacturing data out of China on Thursday helped drive the Shanghai Composite Index up 0.7%, while the Shenzhen Composite Index rose 0.6%. China's official manufacturing purchasing managers index rose to 51.7 from October's 51.2. The November reading beat a median forecast of 51.0 by economists polled by The Wall Street Journal.

Key Indicators

| EQUITIES BENCHMARK INDICES | 1-Dec-16 | DoD change | WoW change | MoM change | Ytd change |
|--|-----------------|-------------------|-------------------|-------------------|-------------------|
| Philippine Stock Exchange Index | 6,864.87 | 1.23% | -0.12% | -7.29% | -1.25% |
| MSCI World USD Index | 1,708.64 | -0.20% | -0.27% | 1.47% | 2.76% |
| MSCI All Country Asia Pacific ex-Japan Total Returns | 379.78 | -0.02% | 0.91% | -2.54% | 7.96% |
| MSCI Europe USD Index | 1,398.61 | 0.00% | 0.47% | -2.05% | -8.15% |
| FTSEurofirst 300 Index | 1,342.85 | -0.59% | -0.36% | 1.38% | -6.59% |
| Dow Jones Industrial Average Index | 19,191.93 | 0.36% | 0.57% | 6.40% | 10.14% |
| Standard & Poor's 500 Index | 2,191.08 | -0.35% | -0.62% | 3.76% | 7.20% |
| YIELDS AND PRICES | 1-Dec-16 | DoD change | WoW change | MoM change | Ytd change |
| 91-Day Philippine Treasury Bill Yield (PDST-R2) | 1.7000 | -0.01% | -0.08% | 0.14% | -0.97% |
| 1-Year Philippine Treasury Bill Yield (PDST-R2) | 2.9234 | -0.26% | -0.77% | 1.14% | 0.55% |
| ROP2021 (Price) | 106.697 | (0.27) | (0.19) | (1.35) | (1.66) |
| ROP2034 (Price) | 130.180 | (0.90) | (1.27) | (8.67) | (0.29) |
| 3-Month US Treasury Yield | 0.4669 | -0.01% | -0.03% | 0.12% | 0.30% |
| 2-year US Treasury Yield | 1.1470 | 0.03% | 0.02% | 0.32% | 0.10% |
| 10-year US Treasury Yield | 2.4481 | 0.07% | 0.10% | 0.62% | 0.18% |
| 30-year US Treasury Yield | 3.1085 | 0.07% | 0.09% | 0.53% | 0.09% |
| 3-Month German Treasury Bill Yield | -0.889 | -0.08% | -0.09% | -0.02% | -0.35% |
| Dubai Crude Oil Spot (\$/bbl) | 48.82 | 6.90% | 7.18% | 7.87% | 51.95% |
| 1-month Nymex oil futures (\$/bbl) | 51.06 | 3.28% | 6.46% | 9.41% | 37.85% |
| Gold Spot (\$/oz) | 1,171.76 | -0.13% | -1.07% | -9.03% | 10.40% |
| USD/PHP (PDEX close) | 49.760 | 0.03 | (0.22) | 1.36 | 2.70 |

Source: Bloomberg

Asian Equity Markets

| Asia Pacific Markets | | | | | |
|-----------------------------|----------------------------|-------------------------|-------------------------|-----------------|--------|
| | | Last Trade as of | December 1, 2016 | | |
| Country | Index | Value | DoD Change | % Change | |
| Asia Pacific | MSCI AC Asia Pacific Index | 136.27 | + | 0.60 | + 0.44 |
| Australia | S&P/ASX 200 Index | 5,500.24 | + | 59.77 | + 1.10 |
| China | Shanghai SE Comp Index | 3,273.31 | + | 23.27 | + 0.72 |
| Hong Kong | Hang Seng Index | 22,878.23 | + | 88.46 | + 0.39 |
| India | SENSEX | 26,559.92 | - | 92.89 | - 0.35 |
| Indonesia | Jakarta Composite Index | 5,198.76 | + | 49.85 | + 0.97 |
| Japan | Nikkei 225 | 18,513.12 | + | 204.64 | + 1.12 |
| Malaysia | KLCI | 1,626.44 | + | 7.32 | + 0.45 |
| New Zealand | NZX 50 Index | 6,932.74 | + | 35.79 | + 0.52 |
| Singapore | Straits Times Index | 2,928.58 | + | 23.41 | + 0.81 |
| South Korea | KOSPI | 1,983.75 | + | 0.27 | + 0.01 |
| Taiwan | TWSE | 9,263.53 | + | 22.82 | + 0.25 |
| Thailand | SET Index | 1,512.38 | + | 2.14 | + 0.14 |

Local Bond Market

| Peso Interest Rates (PDEX PDST-R2) | | | | | | | |
|---|-----------------|------------------|-------------------|---------|-----------------|------------------|-------------------|
| | 1-Dec-16 | 30-Nov-16 | Difference | | 1-Dec-16 | 30-Nov-16 | Difference |
| 1 month | 1.6764 | 1.6854 | - 0.009 | 4 year | 4.1152 | 4.0377 | + 0.077 |
| 3 month | 1.7000 | 1.7143 | - 0.014 | 5 year | 4.8446 | 4.9393 | - 0.095 |
| 6 month | 1.8196 | 1.8268 | - 0.007 | 7 year | 5.0786 | 4.4256 | + 0.653 |
| 1 year | 2.9234 | 3.1847 | - 0.261 | 10 year | 4.7064 | 4.5198 | + 0.187 |
| 2 year | 4.0411 | 3.4750 | + 0.566 | 20 year | 5.5964 | 5.5411 | + 0.055 |
| 3 year | 3.6822 | 3.6688 | + 0.013 | | | | |

Upcoming Economic Releases

| Date | Philippines | Period Covered | Date | US | Period Covered |
|-----------|---|----------------|-----------|---|----------------|
| 12/6/2016 | Philippines CPI All items YoY% 2006=100 | Nov | 12/2/2016 | US Employees on Nonfarm Payrolls Total MoM Net Change SA | Nov |
| 12/6/2016 | Philippines CPI All items MoM% 2006=100 | Nov | 12/2/2016 | U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted | Nov |
| 12/6/2016 | Philippines Core Inflation YoY 2006=100 | Nov | 12/5/2016 | ISM Non-Manufacturing NMI | Nov |
| 12/7/2016 | Philippines Gross Intl Reserves | Nov | 12/6/2016 | US Durable Goods New Orders Industries MoM SA | Oct F |
| 12/9/2016 | Philippines External Balance of Trade | Oct | 12/6/2016 | US Manufacturers New Orders Total MoM SA | Oct |
| 12/9/2016 | Philippines External Trade Imports YoY | Oct | 12/6/2016 | US Trade Balance of Goods and Services SA | Oct |
| 12/9/2016 | Philippines External Trade Exports | Oct | 12/7/2016 | MBA US US Mortgage Market Index Weekly % Change SA Old Meth | Dec 2 |
| 12/9/2016 | Philippines External Trade Imports | Oct | 12/8/2016 | US Initial Jobless Claims SA | Nov 26 |
| | | | 12/9/2016 | University of Michigan Consumer Sentiment Index | Dec P |

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