

Local

- The local equities market rebounded slightly as investors opted to hunt for bargains. The PSEi gained 29.73 points, or +0.44%, to close at 6,806.14. Most of the sectors ended in red, led by the industrials (-0.69%) and financials (-0.34%). Market breadth was negative with 112 declines outnumbering 68 advances, while 44 issues remained unchanged. Total value turnover reached Php5.78 billion. Foreigners were net sellers at Php44.90.
- The Bureau of Customs scheduled an auction for December 14 at the Manila International Container Port (MICP) that would be selling seized vehicles and others items. They are expecting to reach around Php27.7 million as the auction will cover 46 containers that would include brands like Honda, Toyota, Chevrolet and Hyundai. Also, computers, wine, clothing and galvanized steel sheets will be included together with e-bikes and electric multi-cabs.
- Arthaland Corporation (PSE ticker: ALCO) will be spending around Php30 billion for property developments and land acquisitions toward 2022 as they expect more leasable projects in the future that may increase their revenue by 40%. The company will be using Php20 billion for Taguig, Cebu, Laguna, Makati and South of Manila developments. On top of this, ALCO will acquire a 3,000sqm property in Southern Metro Manila for an office building that will be marketed to BPO firms. Recently, the issued preferred shares for a total of Php2 billion and proceeds will be used for the first campus-type housing project in Laguna.
- Prices of local fixed income securities rose, particularly in the short-end, as investors positioned themselves towards less-risky local assets. Investors may have accounted for the higher than expected inflation than consensus. Yields in the short-end and belly fell by 20.3 and 6.9 bps, respectively, while the long-end rose by 1.6 bps.
- The Philippine peso strengthened vis-à-vis the US dollar with the local currency falling 0.20%, closing at 49.590. The strengthening comes as (1) Budget Secretary Diokno said 4Q16 GDP could grow 6.9% as public spending remains robust and (2) Fitch Ratings unit, BMI Research, expects an average growth rate of 6% over the next 5 years for the Philippines, amid fiscal stimulus measures undertaken by the Duterte administration.

US and Europe

- US equities rose, with Dow Jones Industrial Average (DJIA) ending at an all-time high, despite the slump in oil prices. DJIA added 35.54 points, or +0.18%, to end at 19,251.78 while the S&P 500 increased by 7.52 points, or +0.34%, to close at 2,212.23.
- US trade deficit widened during the month October to 17.8% on a month-on-month basis to a seasonally adjusted US\$42.6 billion, slightly higher than market estimate of US\$42.0 billion. This was driven by the 1.8% drop in exports and the 1.3% rise in imports.
- New orders for US factory goods surged to a 16-month high at 2.7% (market estimate of 2.6%) in October. Unfilled factory orders increased by 0.7% while orders for transportation equipment spiked 12%. Shipments of core capital goods, the measure used to calculate the business equipment spending component of GDP, fell 0.1%.
- European stocks rose as the FTSEurofirst 300 index gained 1.02% to close at 1,360.75. News reports indicate that the gains come as a rebound in battered Italian banking names. Furthermore, a short squeeze leading up to the ECB decision was also cited as a contributor to the upside.
- US treasuries recovered slightly as oil prices fell following the release of data showing that OPEC and Russia produced at record levels.
- The EUR/USD rose 1.15% to close at 1.0777 on the back of uncertainty regarding the ECB meeting on Thursday and the US Fed meeting next week. In line with reported investor sentiment, The Wall Street Journal published a story titled “Fed May Struggle to Signal What Comes After December - Officials are likely to indicate they are sticking with their plan to raise rates gradually until the new government’s policies become clearer.” In a surprising divergence, VIX fell by 3.1% to 11.76, indicating lower expected volatility – traditionally a bellweather for a weaker dollar.

Asia Pacific

- Asian equity indices traded flat with a slight downward bias with the MSCI AC Asia Pacific ex-Japan Index down 0.22% to close at 377.00. News reports indicate that equity market investors are banking on the so-called “reflation trade”, based on the optimism that U.S. President-elect Donald Trump will increase fiscal spending, lower corporate taxes, and boost growth and inflation. On the other hand, investors may still be concerned with systemic issues brought about by the Italian referendum, citing risks in the Italian and broader Eurozone banking system.

Key Indicators

EQUITIES BENCHMARK INDICES	6-Dec-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,806.14	0.44%	0.37%	-5.83%	-2.10%
MSCI World USD Index	1,727.82	0.57%	0.72%	4.08%	3.91%
MSCI All Country Asia Pacific ex-Japan Total Returns	377.00	-0.22%	-0.76%	-1.29%	7.17%
MSCI Europe USD Index	1,426.96	1.07%	2.31%	1.25%	-6.28%
FTSEurofirst 300 Index	1,360.75	1.02%	1.27%	4.97%	-5.34%
Dow Jones Industrial Average Index	19,251.78	0.18%	0.68%	7.62%	10.48%
Standard & Poor's 500 Index	2,212.23	0.34%	0.34%	6.09%	8.23%
YIELDS AND PRICES	6-Dec-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.5449	-0.27%	-0.17%	0.11%	-1.12%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.5711	-0.39%	-0.61%	0.77%	0.20%
ROP2021 (Price)	106.549	0.02	(0.41)	(1.25)	(1.81)
ROP2034 (Price)	130.042	0.16	(1.26)	(8.57)	(0.43)
3-Month US Treasury Yield	0.4873	0.03%	0.01%	0.12%	0.32%
2-year US Treasury Yield	1.1139	-0.01%	0.03%	0.33%	0.07%
10-year US Treasury Yield	2.3887	-0.01%	0.10%	0.61%	0.12%
30-year US Treasury Yield	3.0788	0.01%	0.13%	0.52%	0.06%
3-Month German Treasury Bill Yield	-0.924	-0.01%	-0.11%	-0.04%	-0.39%
Dubai Crude Oil Spot (\$/bbl)	51.88	0.62%	15.98%	20.74%	61.47%
1-month Nymex oil futures (\$/bbl)	50.93	-1.66%	12.60%	15.57%	37.50%
Gold Spot (\$/oz)	1,169.75	-0.05%	-1.56%	-10.34%	10.21%
USD/PHP (PDEX close)	49.590	(0.10)	(0.14)	1.11	2.53

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		December 6, 2016			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	135.94	+	1.14	+ 0.85
Australia	S&P/ASX 200 Index	5,428.69	+	28.25	+ 0.52
China	Shanghai SE Comp Index	3,199.65	-	5.06	- 0.16
Hong Kong	Hang Seng Index	22,675.15	+	169.60	+ 0.75
India	SENSEX	26,392.76	+	43.66	+ 0.17
Indonesia	Jakarta Composite Index	5,272.97	+	4.66	+ 0.09
Japan	Nikkei 225	18,360.54	+	85.55	+ 0.47
Malaysia	KLCI	1,629.73	+	4.76	+ 0.29
New Zealand	NZX 50 Index	6,910.36	+	55.65	+ 0.81
Singapore	Straits Times Index	2,949.12	+	6.07	+ 0.21
South Korea	KOSPI	1,989.86	+	26.50	+ 1.35
Taiwan	TWSE	9,250.77	+	90.11	+ 0.98
Thailand	SET Index	1,516.48	+	14.82	+ 0.99

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	6-Dec-16	5-Dec-16	Difference		6-Dec-16	5-Dec-16	Difference
1 month	1.7982	1.8089	- 0.011	4 year	4.1315	4.1981	- 0.067
3 month	1.5449	1.8168	- 0.272	5 year	4.8661	4.8504	+ 0.016
6 month	1.6933	1.8286	- 0.135	7 year	5.1107	5.0679	+ 0.043
1 year	2.5711	2.9633	- 0.392	10 year	5.2464	5.2250	+ 0.021
2 year	4.1643	4.0400	+ 0.124	20 year	5.6121	5.5857	+ 0.026
3 year	3.7499	4.2107	- 0.461				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
12/7/2016	Philippines Gross Intl Reserves	Nov	12/7/2016	MBA US US Mortgage Market Index Weekly % Change SA Old Meth	Dec 2
12/9/2016	Philippines External Balance of Trade	Oct	12/8/2016	US Initial Jobless Claims SA	Dec 3
12/9/2016	Philippines External Trade Imports YoY	Oct	12/9/2016	University of Michigan Consumer Sentiment Index	Dec P
12/9/2016	Philippines External Trade Exports	Oct	12/14/2016	US PPI Finished Goods SA MoM%	Nov
12/9/2016	Philippines External Trade Imports	Oct	12/14/2016	US PPI Finished Goods Less Foods & Energy SA MoM%	Nov
12/13/2016	Philippines Labor Force Survey Unemployment Rate New Concept	Oct	12/14/2016	US PPI Finished Goods NSA YoY%	Nov
12/15/2016	Philippines Overseas Filipino Workers Remittances YoY	Oct	12/14/2016	US PPI Finished Goods Less Foods & Energy NSA YoY%	Nov
12/15/2016	Philippines Overseas Filipino Workers Remittances	Oct	12/14/2016	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Nov
			12/15/2016	Federal Funds Target Rate - Upper Bound	Dec 14
			12/15/2016	US CPI Urban Consumers MoM SA	Nov

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