

Local

- The local equities market went back up to the 7,000 level as investors welcomed the European Central Bank's (ECB) decision to extend its monetary stimulus program. The PSEi increased by 20.78 points or 0.30%, closing at 7,043.16. The sectoral indices ended mixed, with financials (+0.74%) and holding firms (+0.48%) ending in green while industrials (-0.19%) and properties (-0.17%) closing in red. Market breadth was positive with 102 advances and 69 declines while 44 were unchanged. Total value turnover was at Php7.16 billion. Foreigners were net sellers at Php942.42 billion.
- DoubleDragon Properties Corp. (PSE ticker: DD) issues Php5.3 billion worth of 10-year retail bonds yielding 5.9721% per annum. The initial offer of Php5 billion was received well by investors prompting the company to exercise part of its oversubscription option and issuing a further Php300 million worth of bonds. The funds raised will be used for the completion of CityMalls, DD Meridian Park in Pasay, and Jollibee Tower in Ortigas Center.
- The BSP's Monetary Board has lifted the bank restriction on opening new branches in high density cities of Metro Manila. This announcement is applicable to small banks or rural and cooperative lenders. However, banks that decide to open new branches in these areas will have to comply with higher capital requirements and new licensing fees. According to the central bank, this decision is in line with initiatives on banking system liberalization. Included in this initiative is the eventual lifting of suspension on forming new domestic banks.
- Prices of local fixed income securities mostly fell, following the ECB's announcement of extending its bond buying program. On average, the curve went up by 2.88 bps, led by the short-end of the curve at 18.5 bps. Meanwhile, the belly and long-end of the curve fell by 3.0 bps and 8.2 bps.
- The Philippine peso weakened against the US dollar as the investors fled to US assets following the ECB move. The peso depreciated by 7 centavos or 0.13%, closing at 49.760 to a dollar.

US and Europe

- US equities rallied once again due to a myriad of reasons including the ECB move, strong consumer sentiment figures, firming up of oil prices, and reduced uncertainty regarding the US Fed hikes. The Dow Jones Industrial Average Index added 142.04 points, or 0.72%, to close at 19,756.85 while the S&P 500 rose 13.34 points, or 0.59%, to end at 2,259.53.
- According to the University of Michigan's monthly study, consumer sentiment jumped to 98.0 in December, beating expectation of 94.5, and much higher than November reading of 93.8. They attributed the surge to the positive impact of new economic policies.
- US wholesale inventories decline 0.4% in October after rising 0.1% in September, bringing inventory age down to 1.30 months. Wholesale stocks excluding autos, the measure used in the calculation of GDP, likewise fell by 0.4%. Wholesale stocks of farm products, petroleum, and automobile rose 2%, 1.9% and 0.3%, respectively.
- European stocks rose as the FTSEurofirst 300 index gained 0.96% to close at 1,404.04. News reports suggest that investors responded positively to the European Central Bank's (ECB) decision to extend stimulus efforts. On the other hand, banking gains were capped following a Reuters statement that the ECB had rejected a request by Italian lender Banca Monte dei Paschi di Siena for more time to raise capital.
- US treasuries fell following the release of stronger-than-expected China inflation and US consumer sentiment. The 2-year note yield rose 2.27 bps to 1.133% while the 10-year note yield surged by 6.04 bps to 2.468%.
- The EUR/USD was barely unchanged as it rose 0.01% to close at 1.0616 as investors digested the combination of (1) extended easing from the ECB and (2) the VIX falling by 7% to 11.75, indicating lower expected volatility – traditionally a bellweather for a weaker dollar.

Asia Pacific

- Asian equity indices rose with the MSCI AC Asia Pacific ex-Japan Index up 1.17% to close at 386.10. News reports suggest that investors focused on the extension of the ECB asset-purchase program – as the extension itself eased investor concerns and provided more confidence, leading to positive sentiment. On the other hand, while the ECB did extend asset purchases, it also reduced the volume of the purchases from € 80 Bn to € 60 Bn per month.

Key Indicators

EQUITIES BENCHMARK INDICES	9-Dec-16	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,043.16	0.30%	2.27%	-1.07%	1.31%
MSCI World USD Index	1,760.12	0.41%	2.99%	3.75%	5.85%
MSCI All Country Asia Pacific ex-Japan Total Returns	386.10	1.17%	2.19%	1.89%	9.76%
MSCI Europe USD Index	1,444.72	0.22%	3.53%	0.75%	-5.12%
FTSEurofirst 300 Index	1,404.04	0.96%	4.84%	4.50%	-2.33%
Dow Jones Industrial Average Index	19,756.85	0.72%	3.06%	6.28%	13.38%
Standard & Poor's 500 Index	2,259.53	0.59%	3.08%	4.45%	10.55%
YIELDS AND PRICES	9-Dec-16	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-R2)	1.8071	0.34%	0.26%	0.38%	-0.86%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.4240	0.36%	-0.48%	-0.28%	0.05%
ROP2021 (Price)	106.736	(0.09)	0.23	(0.83)	(1.62)
ROP2034 (Price)	130.070	(1.00)	0.14	(7.02)	(0.40)
3-Month US Treasury Yield	0.5330	0.03%	0.07%	0.11%	0.37%
2-year US Treasury Yield	1.1329	0.02%	0.04%	0.24%	0.09%
10-year US Treasury Yield	2.4675	0.06%	0.08%	0.41%	0.20%
30-year US Treasury Yield	3.1529	0.05%	0.09%	0.31%	0.14%
3-Month German Treasury Bill Yield	-0.927	-0.01%	-0.05%	-0.06%	-0.39%
Dubai Crude Oil Spot (\$/bbl)	51.29	2.13%	1.97%	20.46%	59.63%
1-month Nymex oil futures (\$/bbl)	51.50	1.30%	-0.35%	13.76%	39.04%
Gold Spot (\$/oz)	1,160.01	-0.93%	-1.46%	-9.23%	9.29%
USD/PHP (PDEX close)	49.760	0.06	0.11	1.17	2.70

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets						
		Last Trade as of	December 9, 2016			
Country	Index	Value	DoD Change	% Change		
Asia Pacific	MSCI AC Asia Pacific Index	138.41	-	0.18	-	0.13
Australia	S&P/ASX 200 Index	5,560.62	+	16.99	+	0.31
China	Shanghai SE Comp Index	3,232.88	+	17.52	+	0.54
Hong Kong	Hang Seng Index	22,760.98	-	100.86	-	0.44
India	SENSEX	26,747.18	+	52.90	+	0.20
Indonesia	Jakarta Composite Index	5,308.13	+	4.39	+	0.08
Japan	Nikkei 225	18,996.37	+	230.90	+	1.23
Malaysia	KLCI	1,641.42	-	2.33	-	0.14
New Zealand	NZX 50 Index	6,893.30	-	22.71	-	0.33
Singapore	Straits Times Index	2,956.13	-	2.73	-	0.09
South Korea	KOSPI	2,024.69	-	6.38	-	0.31
Taiwan	TWSE	9,392.68	+	16.82	+	0.18
Thailand	SET Index	1,526.32	+	0.91	+	0.06

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	9-Dec-16	8-Dec-16	Difference		9-Dec-16	8-Dec-16	Difference
1 month	1.7857	1.7893	- 0.004	4 year	4.0042	3.9900	+ 0.014
3 month	1.8071	1.4712	+ 0.336	5 year	4.8314	4.8179	+ 0.014
6 month	1.6993	1.6488	+ 0.051	7 year	4.9268	4.9929	- 0.066
1 year	2.4240	2.0651	+ 0.359	10 year	4.5930	4.5241	+ 0.069
2 year	4.0000	4.0096	- 0.010	20 year	5.2482	5.5625	- 0.314
3 year	3.5673	3.6705	- 0.103				

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
12/13/2016	Philippines Labor Force Survey Unemployment Rate New Concept	Oct	12/14/2016	US PPI Finished Goods SA MoM%	Nov
12/15/2016	Philippines Overseas Filipino Workers Remittances YoY	Oct	12/14/2016	US PPI Finished Goods Less Foods & Energy SA MoM%	Nov
12/15/2016	Philippines Overseas Filipino Workers Remittances	Oct	12/14/2016	US PPI Finished Goods NSA YoY%	Nov
12/19/2016	Philippines BOP	Nov	12/14/2016	US PPI Finished Goods Less Foods & Energy NSA YoY%	Nov
12/22/2016	Central Bank of Philippines Overnight Reverse Repurchase Agreement RRP Rate	Dec 22	12/15/2016	US Initial Jobless Claims SA	Dec 10
			12/15/2016	Federal Funds Target Rate - Upper Bound	Dec 14
			12/15/2016	US CPI Urban Consumers MoM SA	Nov
			12/22/2016	GDP US Chained 2009 Dollars QoQ SAAR	3Q T
			12/22/2016	US Durable Goods New Orders Industries MoM SA	Nov P
			12/23/2016	University of Michigan Consumer Sentiment Index	Dec F

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