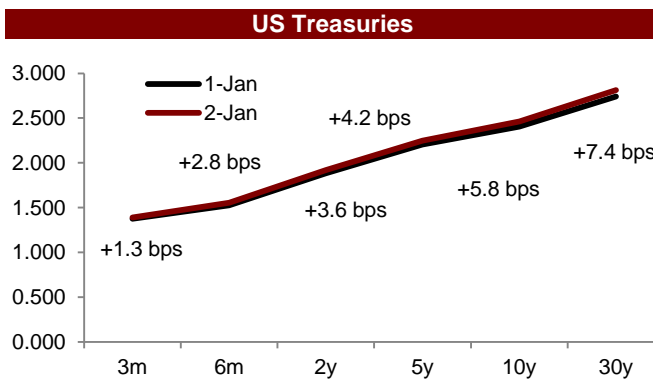
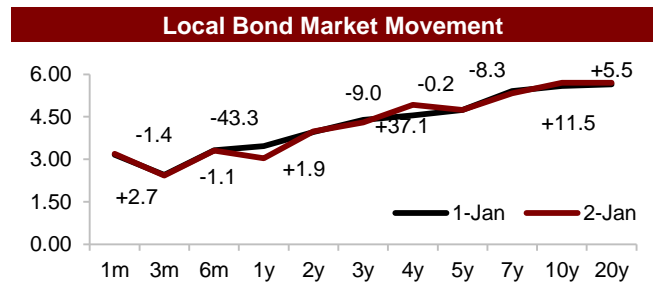
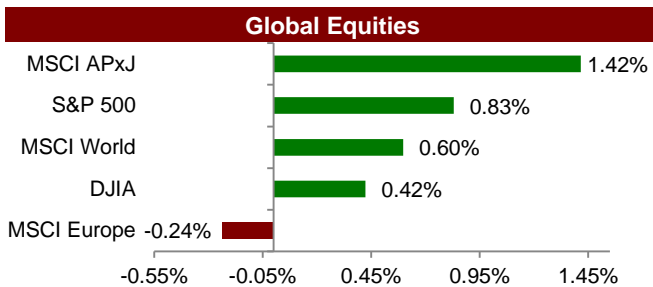
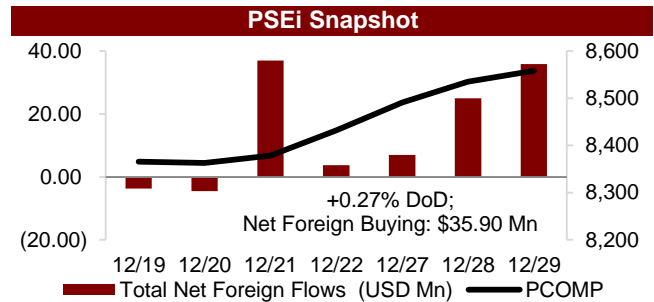


January 3, 2018

US and Asian equity markets closed higher amid positive outlook on 2018 corporate earnings, while European markets fell in anticipation of reforms in the EU financial markets. US Treasury yields rose ahead of the issuance of IG corporate bonds, while the greenback further weakened amid expectation of a slower monetary tightening by the Fed.

- ✓ **Local stocks** were unchanged as the stock exchange was closed for the holidays.
- ✓ **Local fixed income yields** remained unchanged as the stock exchange was closed for the holidays.

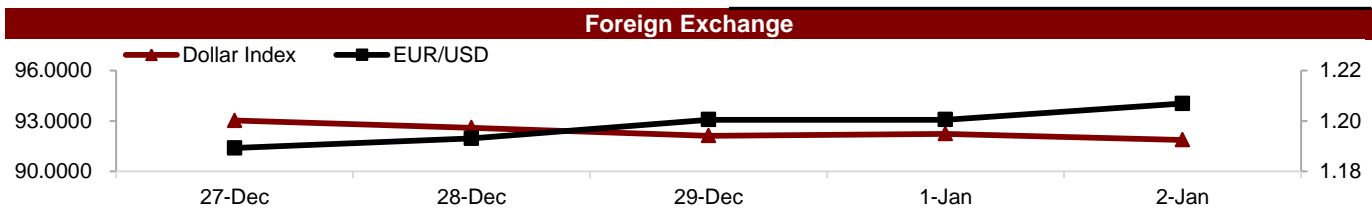


- ✓ **US equities** rallied on investor optimism at the start of the year, with expectation that the tax reform overhaul set to be implemented in 1Q18 will help boost corporate profits. The DJIA gained 1.42% to 24,824.01, while the SPX edged up by 0.83% to 2,695.81.
- ✓ **European stocks** fell as investors adopted a wait-and-see stance in anticipation of major reforms in European financial markets. The MSCI Europe closed at 131.10 (-0.24% DoD).
- ✓ **Asian stocks** climbed higher, led by indices in Hong Kong, China and South Korea tracking optimism in US equity markets. The MSCI Asia ex-Japan closed at 577.29 (+1.42% DoD).
- ✓ **US Treasuries** yields rose, as traders resorted to rate-lock selling, as at least \$30bn in sales of IG medium to long-term corporate bond issuances are expected this week (Bloomberg consensus for Jan '18: \$136bn). On average, yields rose 4.17 bps, with 10Y yields up 5.8 bps.

- ✓ The **Philippine peso** was unchanged as the stock exchanged was closed for the holidays.
- ✓ The **US dollar** hit a three-month low, falling below the 92.0 level, dragged by market expectation of slower monetary tightening by the Federal Reserve as the US inflation picture remains subdued. The DXY closed at 91.87 (-0.25% DoD).

Foreign Exchange

PHP/USD	Previous Close	49.980
	Close	49.930
EUR/USD	Previous Close	1.1931
	Indicative Rate	1.1966



Key Indicators

YIELDS AND PRICES	2-Jan-18	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.43	0.00%	-0.74%	-0.61%	-0.24%
1-Year Philippine Treasury Bill Yield (PDST-R2)	3.03	0.00%	-0.05%	-0.40%	0.66%
ROP2021 (Price)	104.85	(0.04)	(0.10)	(0.20)	(3.51)
ROP2034 (Price)	133.81	(0.12)	0.17	0.30	3.35
3-Month US Treasury Yield	1.38	0.00%	0.05%	0.12%	1.21%
3-Month German Treasury Bill Yield	(0.69)	0.00%	0.21%	0.25%	-0.17%
Dubai Crude Oil Spot (\$/bbl)	63.77	0.00%	1.93%	5.28%	98.47%
Gold Spot (\$/oz)	1,306.90	0.33%	1.86%	2.06%	23.13%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
1/4/2018	CPI YoY	Dec	3.3%
1/19/2018	Budget Balance PHP	Dec	-8.6b

Developed Markets

Date	Country	Event	Period	Prior
1/4/2017	EU	Markit Eurozone Composite PMI	Dec	58.0
1/4/2018	Japan	Nikkei Japan PMI Mfg	Dec	54.2
1/5/2018	US	Unemployment Rate	Dec	4.1%

Emerging Markets

Date	Country	Event	Period	Prior
1/5/2018	Malaysia	Exports YoY	Nov	18.9%
1/5/2018	Thailand	Foreign Reserves	29-Dec	\$202.8b
1/10/2018	China	CPI YoY	Dec	1.9%

Sources: BPI, Reuters, Bloomberg, PSE, CNN, MarketWatch, The Wall Street Journal, CNBC, Business World

www.bpiassetmanagement.com



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