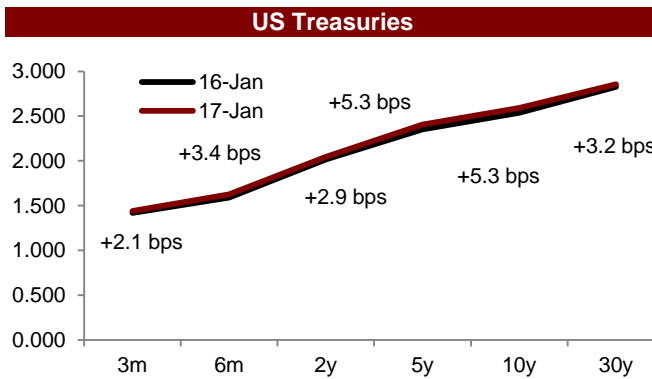
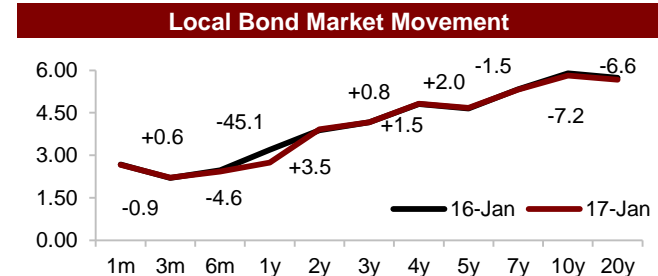
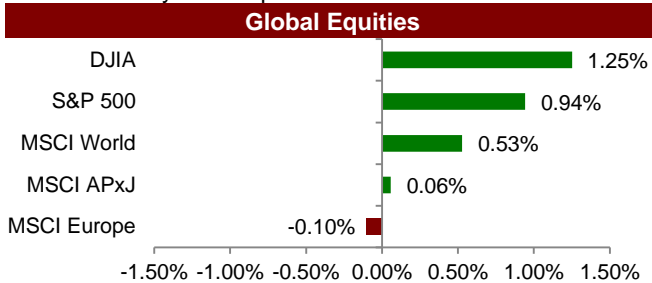
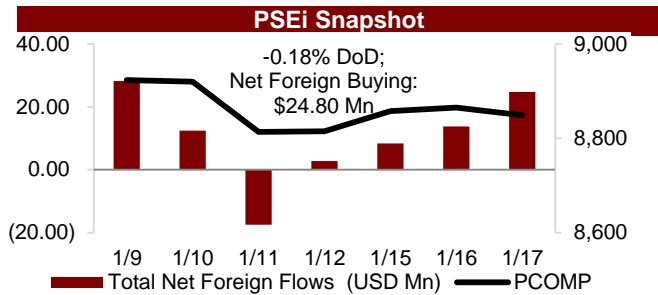


Global equities were mixed as investors reacted towards US and European corporate earnings. Meanwhile, US Treasury yields and the Dollar rose on upbeat US industrial production data.

- ✓ **Local equities** advanced early in the session, driven by optimism amid the submission of the 2nd package of TRAIN to Congress. However, the index ended lower at close following MBT's SRO announcement, which prompted a sell-off in both the name and its parent GTCAP. The PSEi closed at 8,848.99 (-0.18% DoD).
- ✓ **Local fixed income yields** fell, led by the short end of the curve as the BSP may take a more careful approach towards raising interest rates, citing a further need to monitor an elevation in inflation expectations. On average, the curve fell by 5.24 bps, led by the short end which fell by 12.49 bps.



- ✓ **US equities** surged as investors focus on upbeat corporate earnings releases. The rebound in technology shares also aided in the rally, pushing the DJIA to close at another record high above 26,000. The DJIA ended at 26,115.65 (+1.25% DoD) while the S&P 500 rose to 2,802.56 (+0.94% DoD).
- ✓ **European stocks** closed slightly lower as positive sentiment in global markets was dragged by disappointment in European corporate earnings. The MSCI Europe closed at 134.38 (-0.10% DoD).
- ✓ **Asian stocks** rose, mirroring positive sentiment over US corporate earnings, as tax cuts are expected to boost earnings of their US counterparts. The MSCI APxJ closed at 594.58 (+0.06% DoD).
- ✓ **US Treasury yields** increased on robust economic data. US industrial data and leading indicators reported by Fed's Beige Book point to modest-to-moderate growth in 4Q2017. Yields rose 3.68 bps on average, with the 10-yr up by 5.33 bps to close at 2.5904%.

- ✓ The **Philippine peso** depreciated over comments by BSP Governor Espenilla regarding a more cautious approach towards future interest rate hikes. The USD/PHP pair ended at 50.705 (-0.42% DoD).
- ✓ The **US Dollar** strengthened buoyed by upbeat data on Industrial Production for December (actual +0.9% MoM vs. expected +0.5%), supporting the broad perception of the steady expansion of the US economy. The DXY ended at 90.541 (+0.16% DoD).

Pair	Previous Close	Close
PHP/USD	50.490	50.705
EUR/USD	1.2213	1.2224



Key Indicators

YIELDS AND PRICES	17-Jan-18	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.21	0.01%	-0.95%	-0.91%	-0.45%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.75	-0.45%	-0.12%	-0.27%	0.38%
ROP2021 (Price)	104.55	(0.02)	(0.07)	(0.38)	(3.81)
ROP2034 (Price)	134.60	(0.04)	(0.07)	0.83	4.14
3-Month US Treasury Yield	1.43	0.01%	0.01%	0.12%	1.27%
3-Month German Treasury Bill Yield	(0.67)	-0.03%	-0.05%	0.19%	-0.15%
Dubai Crude Oil Spot (\$/bbl)	66.06	-1.17%	-0.38%	8.24%	105.60%
Gold Spot (\$/oz)	1,335.81	-0.20%	1.43%	6.40%	25.85%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
1/19/2018	BoP Overall	Dec	-\$44m
1/23/2018	GDP YoY	4Q	6.9%

Developed Markets

Date	Country	Event	Period	Prior
1/23/2018	EU	Consumer Confidence	Jan	0.5
1/18/2018	US	Initial Jobless Claims	13-Jan	\$261k
1/18/2018	Japan	Industrial Production MoM	Nov	0.6%

Emerging Markets

Date	Country	Event	Period	Prior
1/18/2018	China	GDP YoY	4Q	6.8%
1/19/2018	Thailand	Foreign Reserves	12-Jan	\$204bn
1/24/2018	Malaysia	CPI YoY	Dec	3.4%

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

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