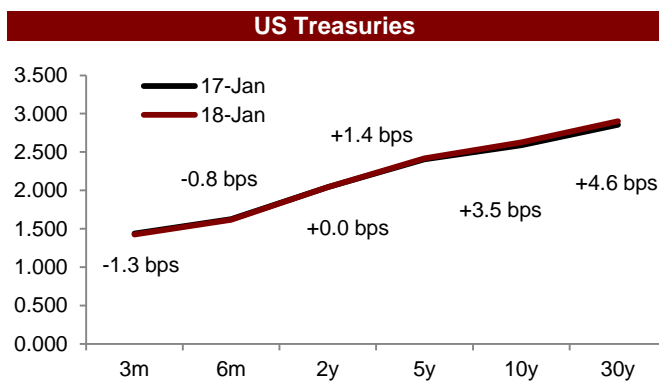
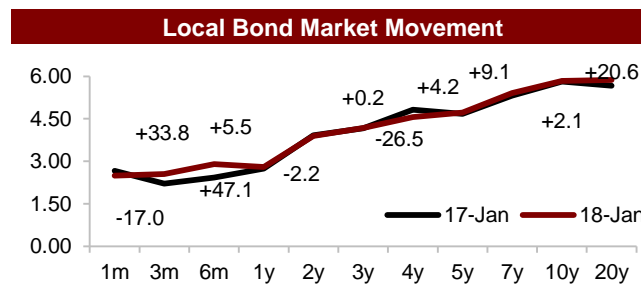
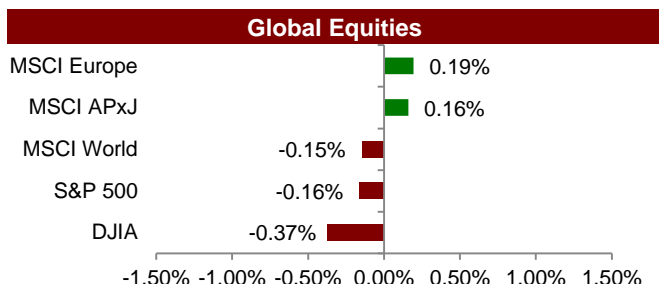
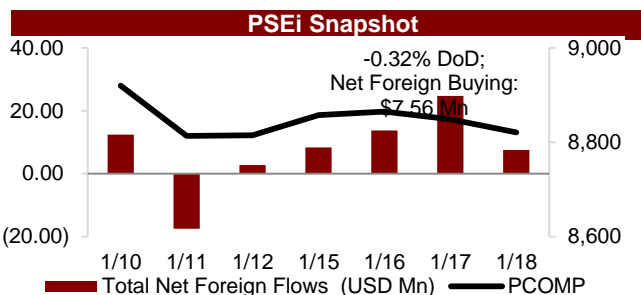


Asian and European equities rose after the release of China's better-than-expected 2017 GDP print at 6.9%. Meanwhile, US equities and the US Dollar fell on worries over a US government shutdown. Lastly, US Treasury yields rose as investors repositioned for the US TIPS auction.

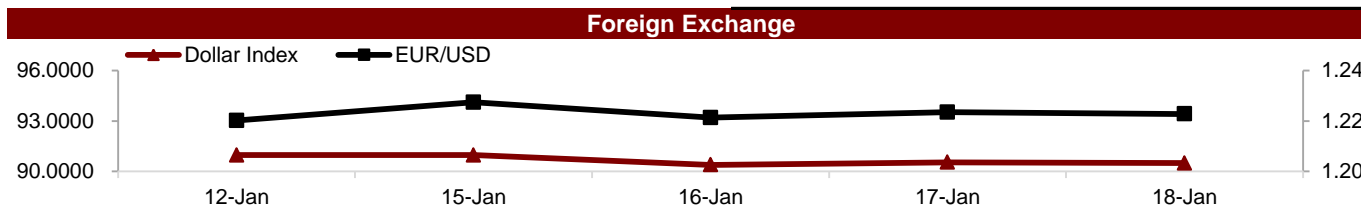
- ✓ **Local equities** traded lower following a sell-off in MBT and BPI due to their stock rights offering (SRO) announcements yesterday. Both names however, recovered as bargain-hunters bought up the stock at the close. The PSEi closed at 8,820.74 (-0.32% DoD).
- ✓ **Local fixed income yields** rose as the country's budget deficit is expected to be within the 2.5-3% target band, which will allow the government favorable access to loans for its ambitious infrastructure projects. On average, the curve was up 7.01 bps, led by the short end of the curve which rose by 17.37 bps.



- ✓ **US equities** closed lower over worries of a US government shutdown. with the decline being capped as the Republicans moved to pass a stopgap spending bill. The DJIA ended at 26,017.81 (-0.37% DoD) while the S&P 500 rose to 2,798.03 (-0.16% DoD).
- ✓ **European stocks** rose as it took its cue from its Asian counterpart following an upbeat GDP from China. The MSCI Europe closed at 134.64 (+0.19% DoD).
- ✓ **Asian stocks** climbed after China reported an acceleration of growth for the 4th quarter. The second largest economy posted GDP of 6.9% for 2017, its fastest pace in 7 years. The MSCI APxJ closed at 595.52 (+0.16% DoD).
- ✓ **US Treasury yields** rose as investors repositioned in order to participate in the \$13 billion TIPS auction - Yields fetched as high as 0.548%, with the auction being 2.69x oversubscribed. Yields rose 1.25 bps on average, with the 10-yr up by 3.52 bps to close at a 3-year high of 2.6256%.

- ✓ The **Philippine peso** continued to depreciate amid strong demand for the US Dollar, as the trade deficit can be expected to remain wide on rising oil prices. The USD/PHP pair ended at 50.800 (-0.19% DoD).
- ✓ The **US Dollar** fell on continued fears of a government shutdown, albeit marginal as a stopgap bill is expected to fund the government through Feb 16. The DXY ended at 90.498 (-0.05% DoD).

Pair	Previous Close	Close
PHP/USD	50.705	50.800
EUR/USD	1.2235	1.2206



Key Indicators

YIELDS AND PRICES	18-Jan-18	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.55	0.34%	-0.58%	-0.55%	-0.12%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.80	0.06%	-0.03%	-0.72%	0.43%
ROP2021 (Price)	104.59	0.03	(0.02)	(0.41)	(3.77)
ROP2034 (Price)	134.78	0.06	0.04	0.93	4.31
3-Month US Treasury Yield	1.43	-0.01%	0.00%	0.09%	1.26%
3-Month German Treasury Bill Yield	(0.67)	0.00%	-0.01%	0.23%	-0.16%
Dubai Crude Oil Spot (\$/bbl)	66.31	0.38%	-0.15%	8.19%	106.38%
Gold Spot (\$/oz)	1,327.12	-0.00%	0.36%	5.13%	25.03%

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
1/24/2018	US	MBA Mortgage Applications	19-Jan	4.1%
1/23/2018	Japan	All Industry Activity Index MoM SA	Nov	0.3%

Emerging Markets

Date	Country	Event	Period	Prior
1/31/2018	China	Manufacturing PMI	Jan	51.6
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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