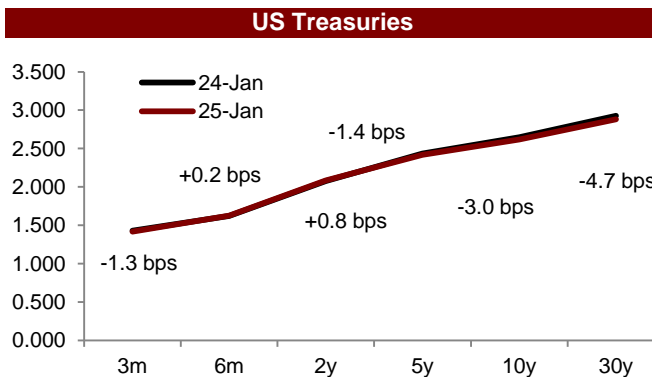
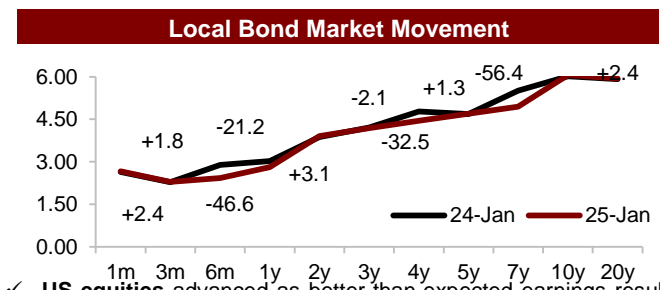
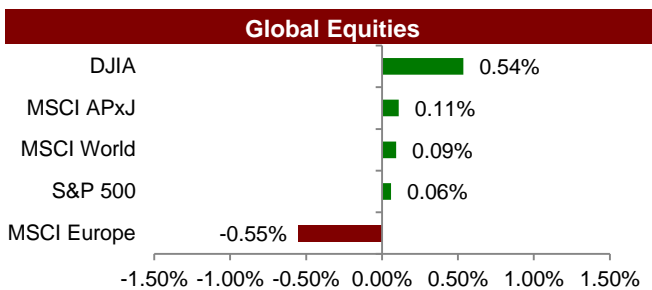
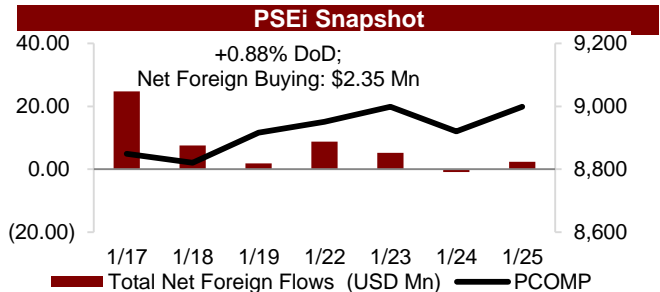


January 26, 2018

**Global equities ended mixed following better-than-expected US corporate earnings, the protectionist stance of President Trump, and the negative impact of a strong Euro. Meanwhile, US Treasuries and the Dollar rose amid optimism for the release of US GDP print later today.**

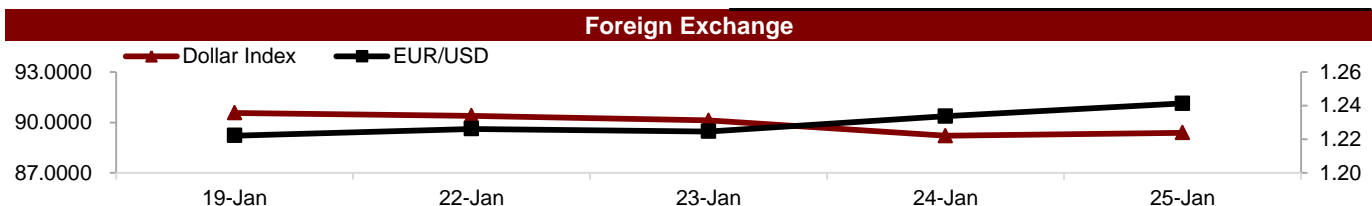
- ✓ **Local equities** were trading in positive territory and nearly closed at the 9,000-level buoyed by buy market-on-close orders, with all sectors ending in the green. The PSEi closed at 8,999.17 (+0.88% DoD).
- ✓ **Local fixed income yields fell** despite statements from Treasurer de Leon suggesting that an increase in interest rates is manageable given the stellar performance of the Philippine economy. On average, yields went down by 12.96 bps, led by the belly. The 10-yr rose by 52 bps to end at 6.0671%.



- ✓ **US equities** advanced as better-than-expected earnings results from Caterpillar, Boeing, and 3M continue to drive momentum. The DJIA rose to 26,392.79 (+0.54% DoD) while the S&P 500 closed at 2,839.25 (+0.06% DoD).
- ✓ **Europe stocks** dropped amid further pressure from the continuous appreciation of the Euro. Although the ECB held their policy rates, ECB President Draghi stated that the regional economy's recovery was 'robust and broad-based'. The MSCI Europe closed at 134.54 (-0.55% DoD).
- ✓ **Asia stocks** closed broadly higher as investors focused on the region's strong fundamentals, but optimism remains tempered on the Trump administration's protectionist stance. The MSCI Asia ex-Japan ended at 609.45 (+0.11 DoD).
- ✓ **US Treasury yields** fell in spite of strong demand for the 7-year notes, as investors digested Donald Trump's comment in favor of a stronger dollar and await the release of GDP print. Yields were down 1.56 bps on average, with the 10-yr declining by 2.95 bps to end at 2.6170%.

**Foreign Exchange**

|         |                 |        |
|---------|-----------------|--------|
| PHP/USD | Previous Close  | 50.960 |
|         | Close           | 50.810 |
| EUR/USD | Previous Close  | 1.2337 |
|         | Indicative Rate | 1.2399 |



## Key Indicators

| YIELDS AND PRICES                               | 25-Jan-18 | DoD    | WoW    | MoM    | YTD     |
|---|-----------|--------|--------|--------|---------|
| 91-Day Philippine Treasury Bill Yield (PDST-R2) | 2.30      | 0.02%  | -0.25% | -0.88% | -0.37%  |
| 1-Year Philippine Treasury Bill Yield (PDST-R2) | 2.81      | -0.21% | 0.01%  | -0.27% | 0.44%   |
| ROP2021 (Price)                                 | 104.12    | 0.03   | (0.47) | (0.76) | (4.24)  |
| ROP2034 (Price)                                 | 133.78    | 0.01   | (1.01) | 0.20   | 3.31    |
| 3-Month US Treasury Yield                       | 1.42      | -0.01% | -0.01% | 0.09%  | 1.25%   |
| 3-Month German Treasury Bill Yield              | (0.64)    | 0.04%  | 0.03%  | 0.26%  | -0.12%  |
| Dubai Crude Oil Spot (\$/bbl)                   | 67.63     | 1.30%  | 1.99%  | 8.71%  | 110.49% |
| Gold Spot (\$/oz)                               | 1,348.01  | -0.77% | 1.57%  | 5.71%  | 27.00%  |

## Upcoming Economic Releases

### Philippines

| Date      | Event          | Period | Prior  |
|-----------|----------------|--------|--------|
| 1/29/2018 | Budget Balance | Dec    | -8.6Bn |
| 2/6/2018  | CPI YoY        | Jan    | 3.3%   |

### Developed Markets

| Date      | Country | Event                     | Period | Prior |
|-----------|---------|---------------------------|--------|-------|
| 1/26/2018 | US      | Wholesale Inventories MoM | Dec P  | 0.8%  |
| 1/26/2018 | EU      | M3 Money Supply YoY       | Dec    | 4.9%  |
| 1/31/2018 | Japan   | Industrial Production YoY | Dec P  | 3.6%  |

### Emerging Markets

| Date      | Country  | Event                    | Period | Prior      |
|-----------|----------|--------------------------|--------|------------|
| 1/31/2018 | China    | Manufacturing PMI        | Jan    | 51.6       |
| 1/26/2018 | Thailand | Foreign Reserves         | 19-Jan | \$206.2 Bn |
| 2/1/2018  | Malaysia | Nikkei Indonesia PMI Mfg | Jan    | 49.3       |

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

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