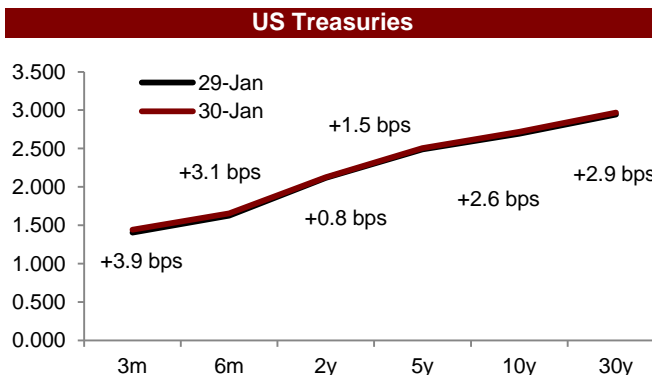
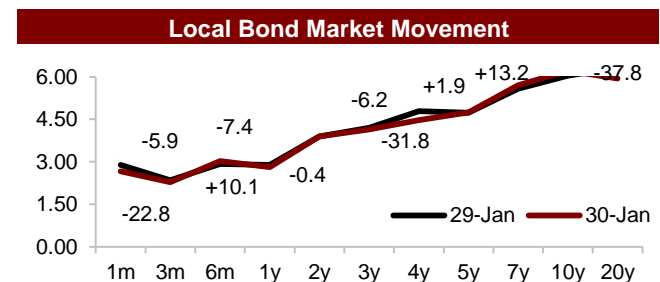
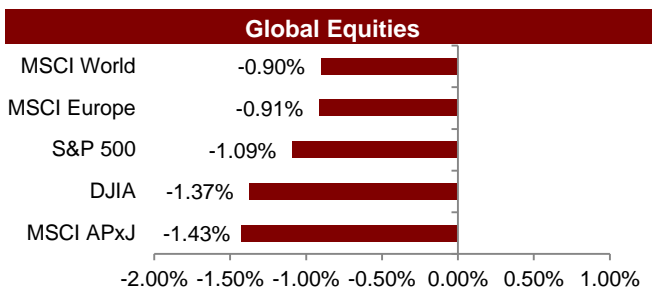
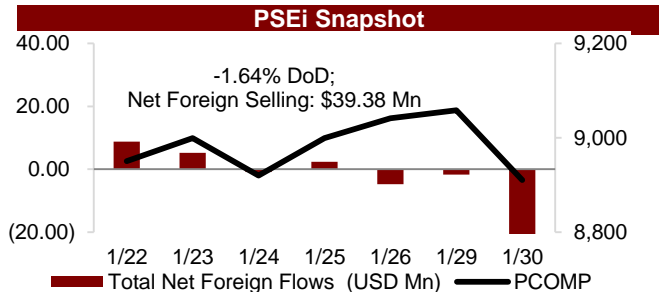


January 31, 2018

Global equities extended their losses as sentiment brought about by the sell-off in US Treasuries spilled over in equity markets. Meanwhile, US Treasury yields rose as investors remained positive on a Fed rate hike while the US Dollar slid ahead of Trump's first State of the Union speech and the Fed's policy meeting.

- ✓ **Local equities** retreated from an all-time high yesterday amid expensive valuations, led by URC and SMPH. The PSEi was down to 8,910.48 (-1.64% DoD).
- ✓ **Local fixed income yields** broadly fell, as foreigners started buying shorter-tenored securities following the strengthening of the US Dollar. On average, yields fell 6.45 bps, led by the long-end which tumbled 7.19 bps.

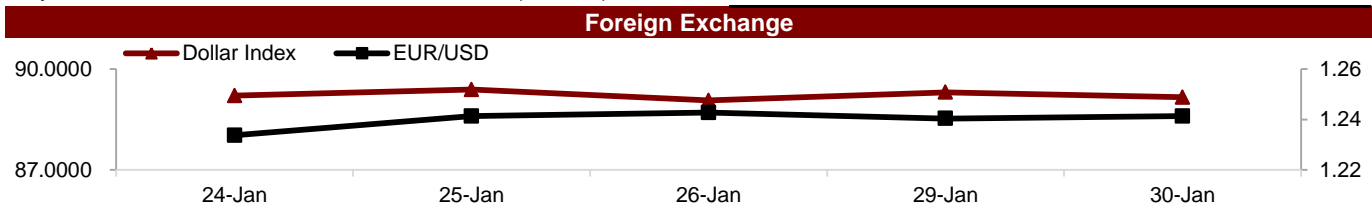


- ✓ **US equities** declined, led by a drop in healthcare and energy shares, after Amazon, Berkshire Hathaway and JP Morgan Chase announced a partnership to cut costs and improve healthcare services for US employees. The DJIA ended at 26,076.89 (-1.37% DoD), while the S&P 500 went down to 2,822.43 (-1.09% DoD).
- ✓ **European equities** suffered losses as investors rebalanced their portfolio after strong corporate earnings and tax cuts in the US drove up stock prices in January. The MSCI Europe closed at 133.73 (-0.91% DoD).
- ✓ **Asian stocks** ended on negative territory as it mirrored US equity selloff on the back of rising yields in US Treasuries and extremely high valuations in Asian markets. The MSCI APxJ ended at 604.92 (-1.43% DoD).
- ✓ **US Treasury yields** climbed on investors' concerns over rising borrowing costs ahead of the Fed meeting, which is expected to shed light on the Fed's economic and rate hike outlook. Yields rose 2.46 bps on average, with the 10-year rising 2.63 bps to 2.7199.

- ✓ The **Philippine peso** depreciated despite BSP Governor Espenilla's comments that the depreciation of the peso is overdone, as an advance in US Treasury yields propped up the US Dollar. The USD/PHP closed at 51.420 (-0.46% DoD).
- ✓ The **US Dollar** reversed its gains despite better-than-expected US economic data (Consumer confidence for January registered at 125.4 vs. expected 123) as market players stayed on the sidelines ahead of Trump's State of the Union Address and two-day Federal Reserve policy meeting---the last to be headed by Janet Yellen. The DXY Index closed at 89.16 (-% DoD).

Foreign Exchange

PHP/USD	Previous Close	51.185
	Close	51.420
EUR/USD	Previous Close	1.2404
	Indicative Rate	1.2359



Key Indicators

YIELDS AND PRICES	30-Jan-18	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.29	-0.06%	-0.04%	-0.15%	-0.38%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.82	-0.07%	0.02%	-0.22%	0.45%
ROP2021 (Price)	103.83	(0.25)	(0.25)	(1.06)	(4.53)
ROP2034 (Price)	132.67	(0.52)	(1.20)	(1.27)	2.20
3-Month US Treasury Yield	1.44	0.04%	0.01%	0.07%	1.28%
3-Month German Treasury Bill Yield	(0.72)	-0.07%	-0.06%	-0.04%	-0.21%
Dubai Crude Oil Spot (\$/bbl)	66.15	-1.74%	-0.62%	3.73%	105.88%
Gold Spot (\$/oz)	1,338.51	-0.13%	-0.20%	2.72%	26.11%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
2/6/2018	CPI YoY	Jan	3.3%
2/8/2018	BSP Overnight Borrowing Rate	Feb	3.0%

Developed Markets

Date	Country	Event	Period	Prior
1/31/2018	US	ADP Employment Change	Jan	250k
1/31/2018	EU	CPI Core YoY	Jan	0.9%
2/1/2018	Japan	Nikkei Japan PMI Manufacturing	Jan	54.4

Emerging Markets

Date	Country	Event	Period	Prior
2/1/2018	China	Caixin China PMI Manufacturing	Jan	51.5
1/31/2018	Thailand	BoP Current Account Balance	Dec	\$5,285 Mn
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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