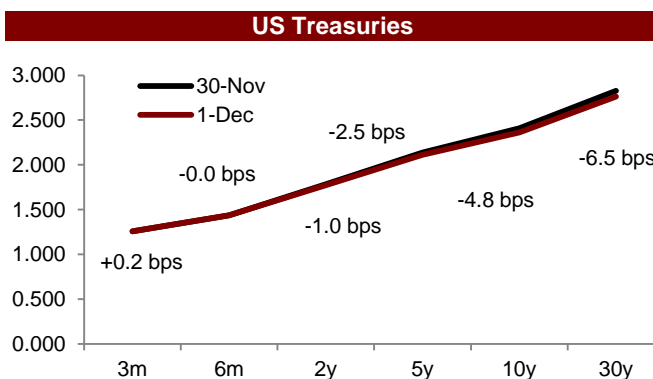
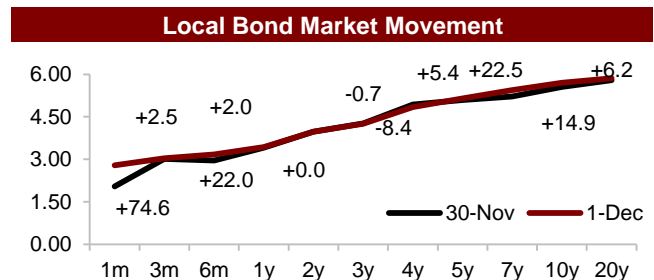
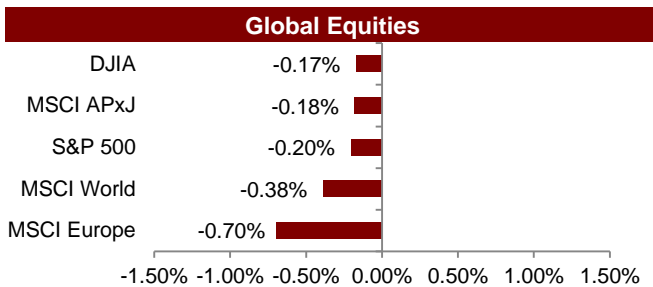
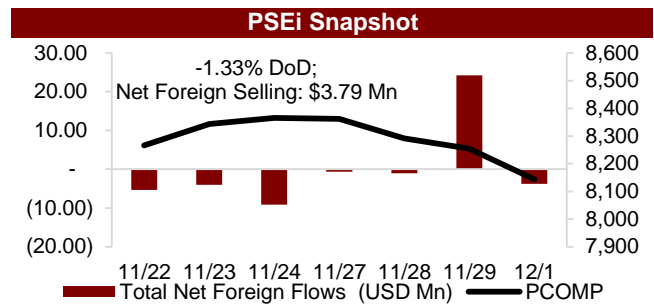


The US dollar and global equities fell as political uncertainty resulting from the Mueller investigation compounded a delay on the vote for the passage of the US tax reform bill. Conversely, US Treasury yields fell as investors acted on softer than expected manufacturing data.

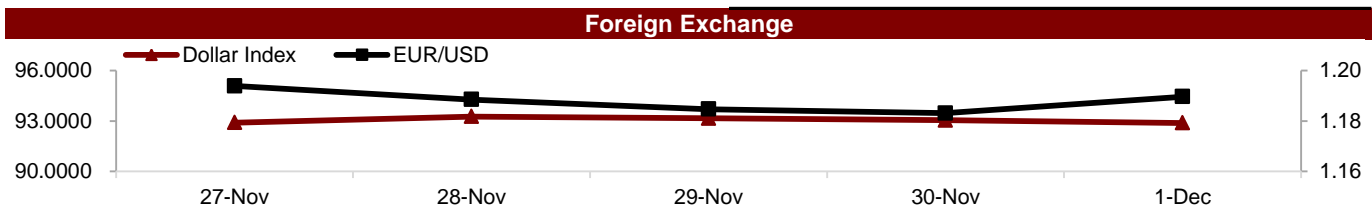
- ✓ **Local equities** fell despite progress on the tax reform bill proposed by the Senate. Net foreign selling reversed on profit-taking, after November 29's passive net inflows when Meralco (PSE ticker: MER) was added to the MSCI index. Investors lost confidence as the market breached the 8,200 support level, encouraging a sell-off throughout the day. The PSEi dropped to 8,144.02 (-1.33% DoD).
- ✓ Yields in the **Philippine fixed income** markets rose, as investors positioned ahead of an expected US December interest rate hike, and following the movement in US Treasuries. The rise in yields was led by the short end of the curve (+25.24 bps). On average, yields rose 12.80 bps.



- ✓ **US equities** ended lower despite opening higher than their previous close, as reports that former US National Security Adviser Michael Flynn was prepared to testify about US President Trump rocked markets. The SPX fell to 2,642.22 (-0.20% DoD), while the DJIA closed at 24,231.59 (-0.17% DoD).
- ✓ **European stocks** fell with US stocks on the back of news of Flynn's willingness to testify. Markets were already lower at the start of the session, after US lawmakers delayed a vote on the passage of the US tax reform bill to their next session. The MSCI Europe Index fell to 129.55 (-0.70% DoD).
- ✓ **Asian equities** ended lower, as news of a delay on the vote of the US tax reform bill compounded a weak Chinese private sector PMI data release (expected: 50.9; actual: 50.8). The MSCI APxJ Index fell to 552.56 (-0.18% DoD).
- ✓ **US Treasury yields** declined as US manufacturing data came in softer than expected (i.e. US Manufacturing PMI for November at 53.9 compared to expectations of 54.0). On average, yields fell by 2.44 bps, with the 10-year falling by 4.8 bps to close at 2.362.

- ✓ The **Philippine peso** fell against the greenback as US Treasury yields increased and the PSEi dropped due to foreign profit-taking. The PHP closed at 50.370 to the USD (-0.20% DoD).
- ✓ The **US dollar** was flat with a slight downward bias as progress on tax overhaul was overshadowed by continued anxiety with respect to the Mueller investigation. The US dollar index fell to 92.89 (-0.17% DoD).

Pair	Previous Close	Current
USD/PHP	50.270	50.370
EUR/USD	1.1831	1.1919



Key Indicators

YIELDS AND PRICES	1-Dec-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	3.03	0.01%	0.82%	0.96%	0.37%
1-Year Philippine Treasury Bill Yield (PDST-R2)	3.08	-0.33%	-0.20%	0.22%	0.71%
ROP2021 (Price)	105.08	(0.07)	(0.10)	(0.38)	(3.28)
ROP2034 (Price)	133.68	(0.08)	0.02	0.33	3.21
3-Month US Treasury Yield	1.24	-0.02%	-0.02%	0.15%	1.08%
3-Month German Treasury Bill Yield	(0.82)	-0.03%	-0.03%	-0.03%	-0.30%
Dubai Crude Oil Spot (\$/bbl)	61.39	0.47%	1.91%	7.34%	91.07%
Gold Spot (\$/oz)	1,294.55	0.45%	1.39%	1.62%	21.96%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
12/5/2017	CPI YoY	Nov	3.5%
12/7/2017	Foreign Reserves	Nov	\$80.6b

Developed Markets

Date	Country	Event	Period	Prior
12/4/2017	US	Durable Goods Orders	Oct	-1.2%
12/4/2017	Japan	Monetary Base YoY	Nov	14.5%
12/5/2017	Germany	Markit Germany Services PMI	Nov	54.9

Emerging Markets

Date	Country	Event	Period	Prior
12/4/2017	Indonesia	Nikkei Indonesia Manufacturing PMI SA	Nov	50.1
12/5/2017	India	Nikkei India PMI	Nov	51.3
12/5/2017	China	Caixin China PMI Services	Nov	51.2

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

www.bpiassetmanagement.com

