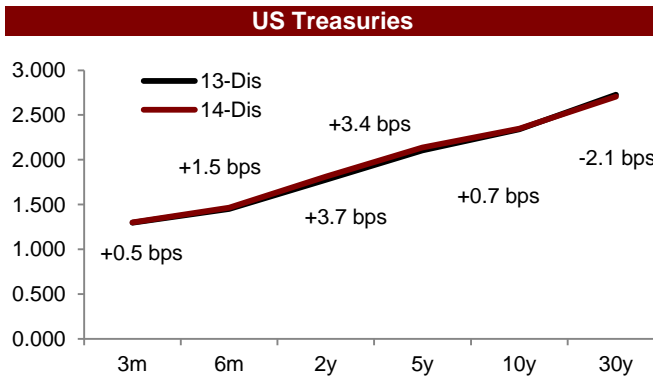
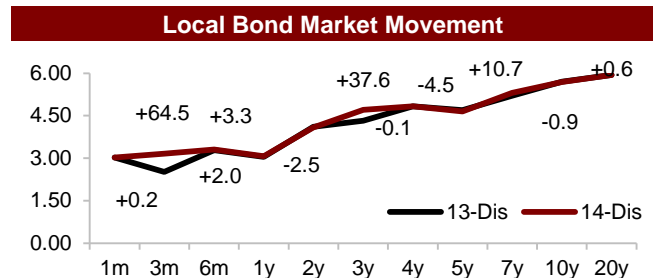
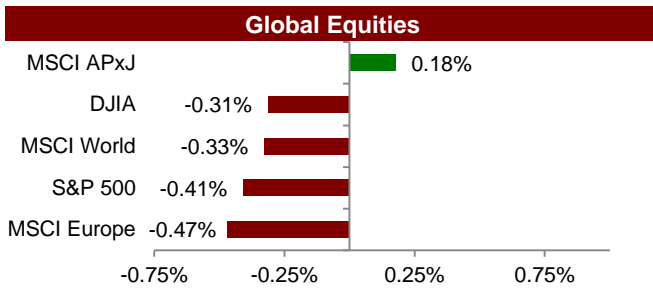
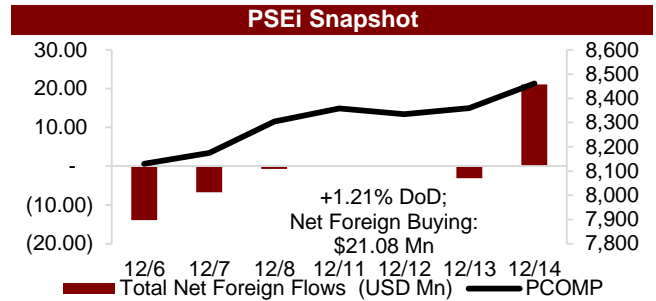


Global equities mostly declined due to economic uncertainties weighing down markets . Moreover, US Treasury yields and the greenback were up on the back of the Fed rate hike and strong US economic data respectively.

- ✓ **Local stocks** ended higher, buoyed by net foreign inflows of USD 21.1 mn, after the Senate and the Congress ratified the bicameral version of the Philippine tax reform bill. The PSEI closed at 8,461.06 (+1.21% DoD).
- ✓ In **local fixed income** markets, the yield curve flattened, as the passage of the tax reform bill and the BSP's retention of its record-low benchmark interest rate increased inflation risk, suggesting the probability of monetary tightening early in the coming year. On average, yields rose 10.08 bps, led by the short end of the curve, which gained 17.51 bps.

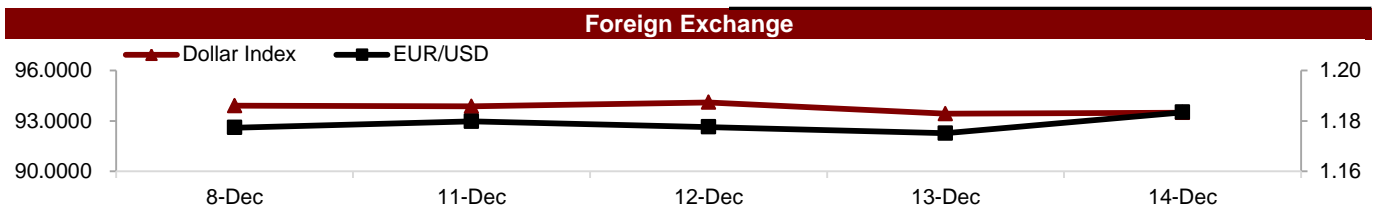


- ✓ **US equity markets** fell despite the release of better-than-expected November retail sales, jobless claims, and PMI data, with focus on uncertainty about the passage of US tax reform. The DJIA closed at 24,508.66 (-0.31% DoD), while the SPX ended at 2,652.01 (-0.41% DoD).
- ✓ **European stocks** dropped to their lowest in a week due to the weak performance of bank shares. The ECB's below-expectation inflation target contributed to the market decline. The MSCI Europe Index closed at 131.36 (-0.47% DoD).
- ✓ **Asian stocks** showed mixed results after the Fed hike. Hong Kong stocks were little changed, while China stocks declined due as well to mixed domestic economic results. The MSCI APxJ Index closed at 556.24 (+0.18% DoD).
- ✓ The **US Treasury** yield curve flattened after the release of data showing an improvement in the US economic outlook gave further credence to the view that the Fed would hike policy rates further to control inflation. Yields gained 1.29 bps on average, with 2Y yields up 3.67 bps to 1.811%.

Foreign Exchange

USD/PHP	Previous Close	50.480
	Close	50.470
EUR/USD	Previous Close	1.1751
	Indicative Rate	1.1835

- ✓ The **Philippine peso** traded sideways against the US dollar, with market players already having priced-in both the Fed's decision to raise policy rates and the BSP's decision to keep rates unchanged. The USD/PHP ended at 50.470 (-0.02% DoD).
- ✓ The **US dollar** strengthened on the back of solid US economic data and weakness in the Euro, which sold off after the ECB's 2020 inflation target underwhelmed expectations.



Key Indicators

YIELDS AND PRICES	14-Dis-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	3.16	0.65%	0.73%	0.49%	0.49%
1-Year Philippine Treasury Bill Yield (PDST-R2)	3.08	0.03%	-0.01%	-0.13%	0.71%
ROP2021 (Price)	105.02	0.06	(0.02)	(0.04)	(3.34)
ROP2034 (Price)	133.71	0.04	0.02	0.71	3.24
3-Month US Treasury Yield	1.30	0.01%	0.03%	0.06%	1.14%
3-Month German Treasury Bill Yield	(0.86)	0.01%	0.07%	-0.12%	-0.34%
Dubai Crude Oil Spot (\$/bbl)	59.99	-2.18%	0.91%	-2.09%	86.71%
Gold Spot (\$/oz)	1,252.93	-0.21%	0.45%	-2.15%	18.04%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
12/15/2017	Overseas Workers Remittances	Oct	\$2,186m
12/15/2017	Overseas Remittances YoY	Oct	-8.3%

Developed Markets

Date	Country	Event	Period	Prior
12/15/2017	US	Industrial Production MoM	Nov	0.9%
12/20/2017	Germany	PPI MoM	Nov	0.3%
12/14/2017	Japan	Tankan Large Mfg Index	4Q	22

Emerging Markets

Date	Country	Event	Period	Prior
12/15/2017	Indonesia	Exports YoY	Nov	18.4%
12/15/2017	Thailand	Foreign Reserves	Nov	\$203.1B
12/14/2017	India	Exports YoY	Nov	-1.1%

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

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