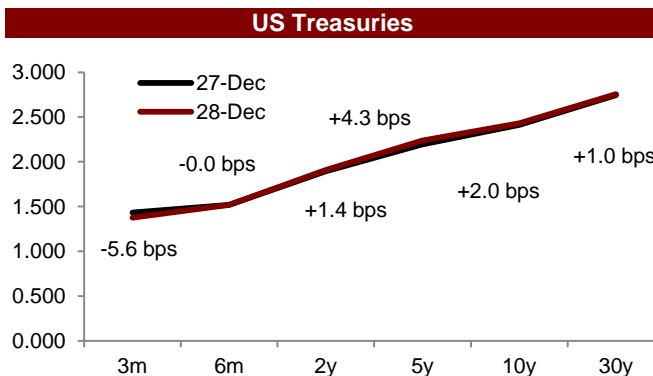
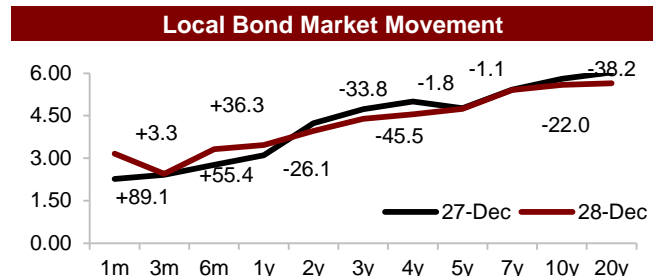
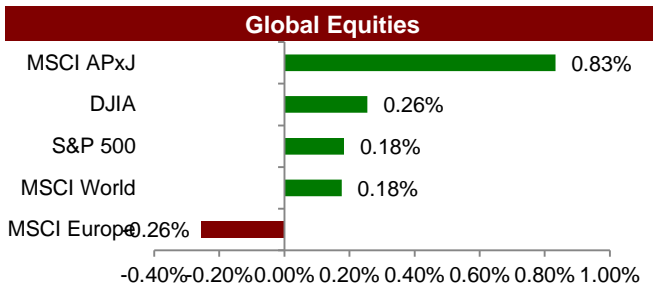
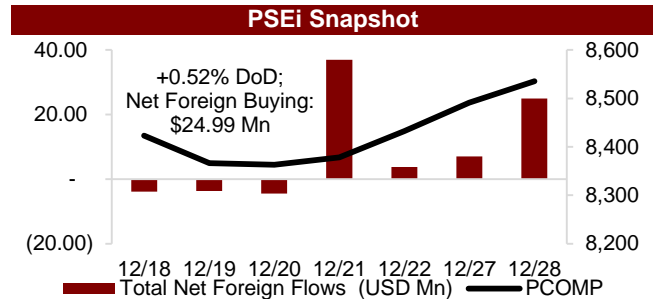


Global equity markets ended mixed on a day of light trading, with gains in US and Asian stocks offset by losses in European equities. Meanwhile, US Treasury yields rose on good economic data and a soft auction, while the greenback fell due to portfolio rebalancing flows and as year-end funding pressures abated.

- ✓ **Local stocks** closed higher as favorable momentum propelled investor sentiment. Active names include index leaders such as MBT (+3.94% DoD) and ALI (+1.94% DoD). SCC (+1.63% DoD) was also up on bargain buying, supported by recent buybacks. The PSEi closed at 8,535.09 (+0.52% DoD).
- ✓ Prices of **local fixed income** securities were flat with a slight downward bias, capping the recent gains as investors took profits. The yield curve flattened, with the short end rising 46.03 basis points. On average, yields rose 1.41 bps.

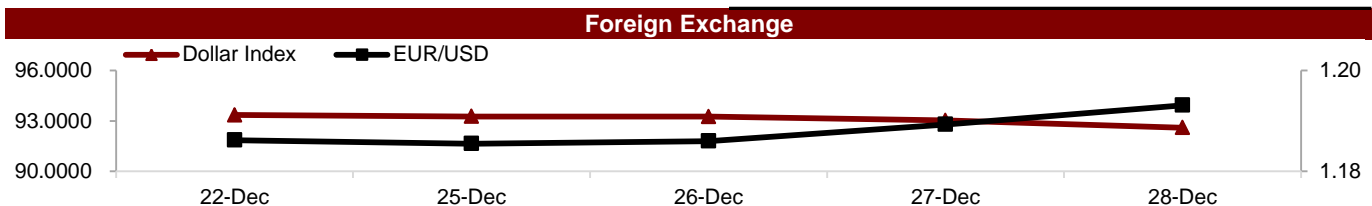


- ✓ **US equities** gained in a session of light trading, with gains in telecoms (+0.5% DoD) offsetting a decrease in consumer staples firms (-0.2%). The DJIA gained 0.26% to 24,837.51, while the SPX rose 0.18% to 2,687.54.
- ✓ **European stocks** closed lower in the penultimate trading session of the year after a thin trading session as there are few catalysts for markets to react upon. Year-end selling also contributed to the slight dip. The MSCI Europe index closed at 131.52 (-0.26% DoD).
- ✓ **Asian stocks** posted wide gains as tech stocks continued their recovery from Tuesday's decline caused by worries about iPhone demand. The MSCI APxJ index was up by 0.83% DoD closing at 567.74.
- ✓ **US Treasuries** fell, aided by stronger-than-expected December Chicago PMI (which hit a 6-year high) and a soft 7Y auction, which pushed up yields in the belly. On average, yields rose 0.50 bps, with 10Y yields up 1.98 bps.

- ✓ The **Philippine peso's** continued to climb slightly, pushed by prior days' momentum, and as the USD weakened on declining consumer confidence. The PHP/USD declined 0.12%, to close at 49.980.
- ✓ The **US dollar** slid against major currencies amid weight from dollar-negative portfolio rebalancing flows and the tapering of year-end funding pressures. The DXY closed at 92.602 (-0.45% DoD).

Foreign Exchange

PHP/USD	Previous Close	50.040
	Close	49.980
EUR/USD	Previous Close	1.1893
	Indicative Rate	1.1934



Key Indicators

YIELDS AND PRICES	28-Dec-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.45	0.03%	-0.72%	0.08%	-0.22%
1-Year Philippine Treasury Bill Yield (PDST-R2)	3.46	0.36%	-0.04%	0.05%	1.09%
ROP2021 (Price)	104.91	0.01	0.03	(0.17)	(3.45)
ROP2034 (Price)	133.98	0.17	0.28	0.21	3.51
3-Month US Treasury Yield	1.38	-0.06%	0.04%	0.10%	1.21%
3-Month German Treasury Bill Yield	(0.42)	0.39%	0.50%	0.41%	0.10%
Dubai Crude Oil Spot (\$/bbl)	64.04	0.60%	3.71%	5.43%	99.32%
Gold Spot (\$/oz)	1,294.94	0.59%	2.24%	0.08%	22.00%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
12/29/2017	Bank Lending YoY	Nov	18.0%
1/4/2018	CPI YoY	Dec	3.3%

Developed Markets

Date	Country	Event	Period	Prior
1/5/2018	US	Unemployment Rate	Dec	4.1%
12/29/2017	Germany	CPI YoY	Dec	1.8%
1/4/2018	Japan	Nikkei Japan PMI Mfg	Dec	54.2

Emerging Markets

Date	Country	Event	Period	Prior
1/5/2018	Malaysia	Exports YoY	Nov	18.9%
12/29/2017	Thailand	Exports YoY	Nov	13.4%
12/31/2017	China	Manufacturing PMI	Dec	51.8

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

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