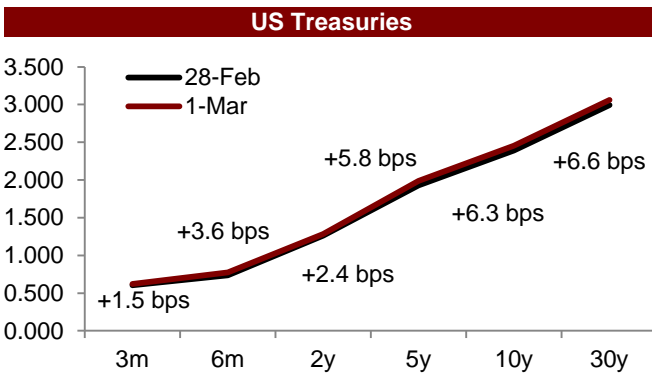
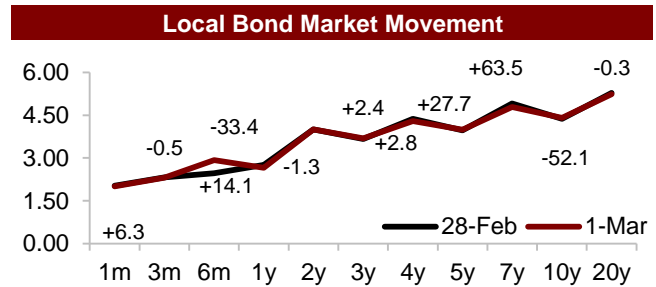
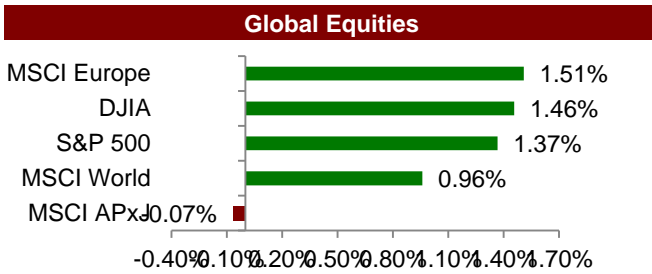
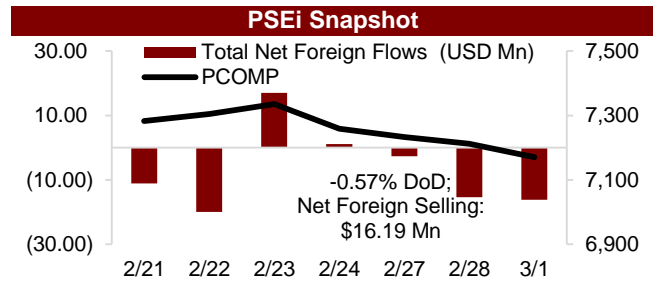


Investor optimism following US President Trump's speech to Congress showed itself in climbing equities both in the US and Europe, and a strengthening greenback. Trump's protectionist tone led to a decline in the local equity and fixed income markets. In the meantime, probability for a March Fed rate hike soared to 80%, pulling up yields sharply.

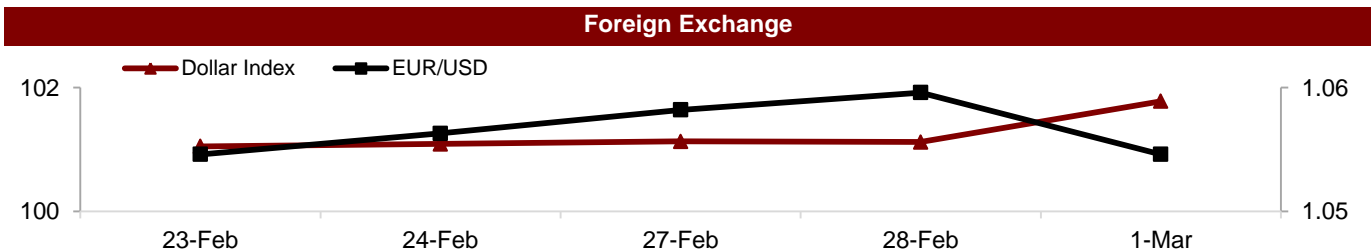
- ✓ The **local equities index** fell 0.57% due to the protectionist leaning of US President Trump's Congressional address. Net foreign selling was Php 812.9 million.
- ✓ In the **local fixed income market**, prices of government securities slipped, particularly in the short-end, as investors became more cautious of inflation fears and further Peso weakness. Yields rose by 1.35 bps on average.



- ✓ **US equities** again reached new heights after the previous day's pullback following Trump's speech and as investors priced in the improvements in the US economy in light of Fed officials signalling the economy's ability to withstand less accommodation. The Dow Jones was up 303.31 points to 21,115.6. The S&P gained 32.3 points to 2,396.
- ✓ **European equities** were also up, mirroring the optimism in the US. The MSCI Europe rose 12.8 points to 1,527.7.
- ✓ **Asian equities** corrected as investors focused on the developed economies. The MSCI Asia Pacific ex Japan index was down 0.07%.
- ✓ **US Treasuries** fell and yields climbed amidst increased expectations for a March Fed rate hike and hawkish comments from Fed officials. Consensus probability for a hike soared to 80%. The 2-year yield rose to 1.2842%, while the 10-year rose to 2.4526%.

- ✓ The **Philippine peso** weakened further against the Dollar, closing at Php 50.28 as investors reacted to Donald Trump's speech before the U.S. Congress.
- ✓ The **US dollar** rose on the back of US President Trump's speech to Congress, as investors showed relief at his measured tone and implied policies. The DXY rose 0.65% to 101.78.

Pair	Previous Close	Close
USD/PHP	50.2100	50.2800
EUR/USD	1.0596	1.0545



Key Indicators

YIELDS AND PRICES	1-Mar-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.30	-0.01%	0.07%	0.32%	-0.36%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.66	-0.10%	0.06%	-0.01%	0.29%
ROP2021 (Price)	106.44	(0.21)	(0.02)	0.27	(1.92)
ROP2034 (Price)	132.85	(0.37)	0.02	0.69	2.39
3-Month US Treasury Yield	0.62	0.02%	0.11%	0.12%	0.46%
3-Month German Treasury Bill Yield	(0.85)	0.00%	-0.02%	-0.01%	-0.32%
Dubai Crude Oil Spot (\$/bbl)	55.21	1.96%	2.09%	3.64%	71.83%
Gold Spot (\$/oz)	1,249.48	0.09%	0.96%	3.28%	17.72%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
3/7/2017	CPI YoY	Feb	2.70%
3/7/2017	Foreign Reserves	Feb	81 bn

Developed Markets

Date	Country	Event	Period	Prior
3/2/2017	US	US Initial Jobless Claims SA	Feb 25	244k
3/6/2017	EU	GDP QoQ and YoY	4Q	0.7% / 3.0%
3/3/2017	Japan	Consumer Confidence Index	Feb	43.2

Emerging Markets

Date	Country	Event	Period	Prior
3/7/2017	China	Trade Balance	Feb	\$51.35b
3/7/2017	Indo	Consumer Confidence Index	Feb	115.3

Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones, The Wall Street Journal, CNBC