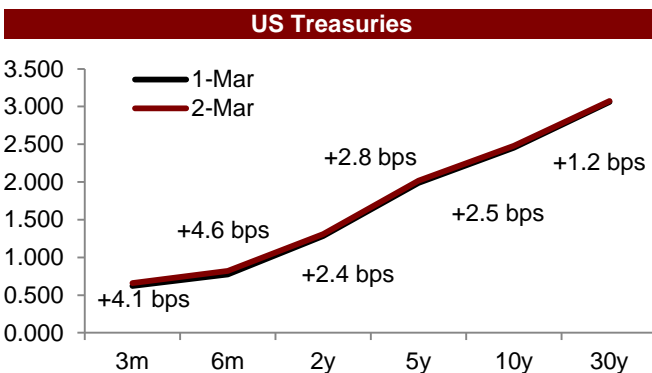
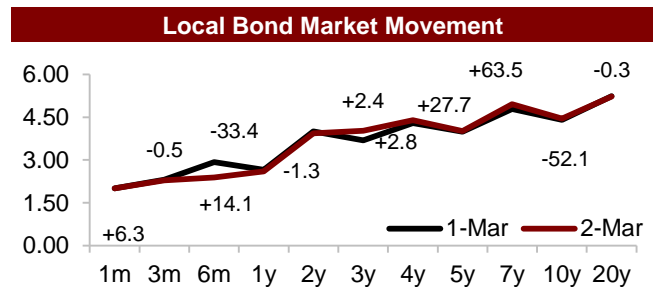
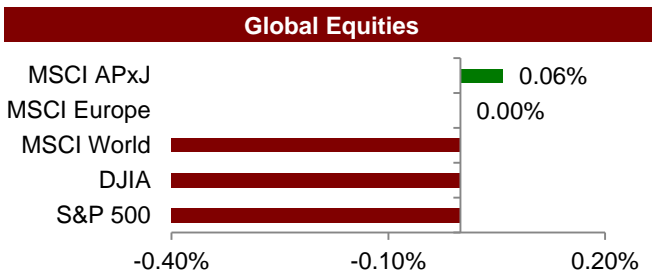
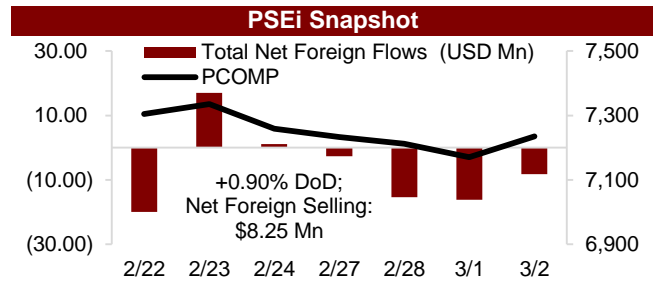


Investors wrap up the pricing in of a Fed rate hike in March, leading to a dip in equities internationally, and a continued decline in US treasury prices. Comments from Fed Governors Brainard and Powell have pushed consensus probability for a March hike to 90%. Locally, equities and fixed income both rose on bargain-hunting and positive sentiment.

- ✓ The **local equities index** rose 0.90%, mirroring the rebound in regional peers given positive sentiment from US President Trump's Congressional address. Net foreign selling was Php 415.4 million.
- ✓ In the **local fixed income** market, prices of government securities recovered, especially in the short-end, given bargain-hunting. The belly and long-end of the curve rose however as worry over the wider-than-expected fiscal deficit. Yields fell by 0.14 bps on average.

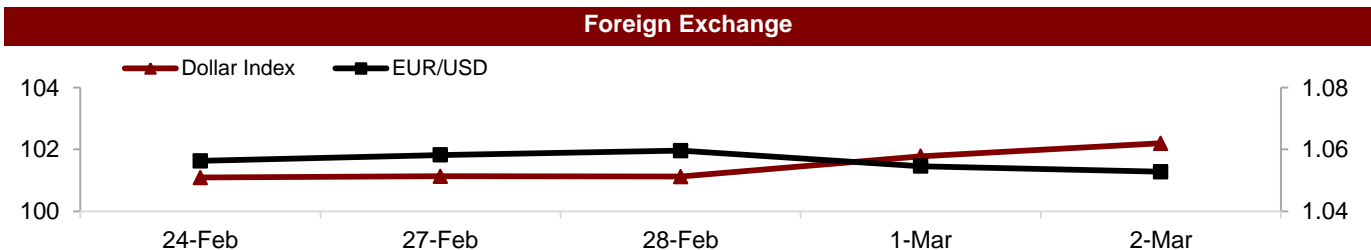


- ✓ **US equities** pulled back slightly as investors assessed the new highs and took profits. The general uptrend appears to be intact for the moment as the Dow Jones fell 112.58 points but kept just north of 21,000.00, finishing 21,002.97. The S&P lost 14.04 points to end 2,381.92.
- ✓ **European equities** ended flat as investors factored in the effect of a March Fed rate hike vis-a-vis favorable corporate earnings. The MSCI Europe ended unchanged at 127.11.
- ✓ **Asian equities** traded sideways, but managed to rise by 0.06% despite concerns of a March Fed rate hike.
- ✓ **US Treasuries** continued their decline into a fourth day, as investors finished pricing in the anticipated rate hike in March. Fed Governor Brainard noted that an increase is likely to be appropriate soon. Market consensus for a hike rose to 90% probability. The 2-year yield rose to 1.3084%, while the 10-year rose to 2.4779%.

- ✓ The **Philippine peso** continued to slip against the Dollar, closing at Php 50.31 as investors reacted to hawkish Fed commentary leading to higher expectations for a March rate hike.
- ✓ The **US dollar** strengthened against major rivals as a March Fed rate hike continues to loom. Market consensus still leans heavily toward a hike. The DXY rose 0.41% to 102.2.

### Foreign Exchange

USD/PHP	Previous Close	50.2800
	Close	50.3100
EUR/USD	Previous Close	1.0546
	Indicative Rate	1.0535



## Key Indicators

YIELDS AND PRICES	2-Mar-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.29	-0.02%	0.04%	-0.07%	-0.38%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.60	-0.06%	0.04%	-0.22%	0.23%
ROP2021 (Price)	106.37	(0.07)	(0.12)	0.15	(1.99)
ROP2034 (Price)	132.48	(0.38)	(0.38)	0.19	2.01
3-Month US Treasury Yield	0.66	0.04%	0.15%	0.16%	0.50%
3-Month German Treasury Bill Yield	(0.85)	0.00%	0.00%	-0.01%	-0.31%
Dubai Crude Oil Spot (\$/bbl)	54.54	-1.21%	0.41%	-0.62%	69.75%
Gold Spot (\$/oz)	1,234.31	-1.21%	-1.24%	1.53%	16.29%

## 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
3/6/2017	US	US Durable Goods New Orders Industries MoM SA	Jan F	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