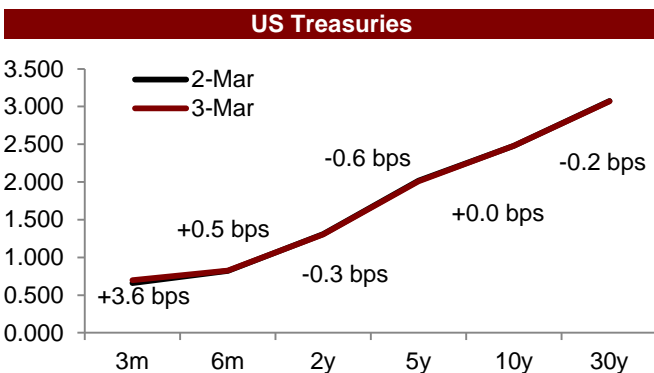
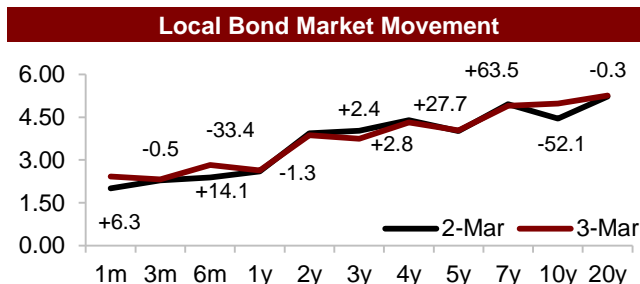
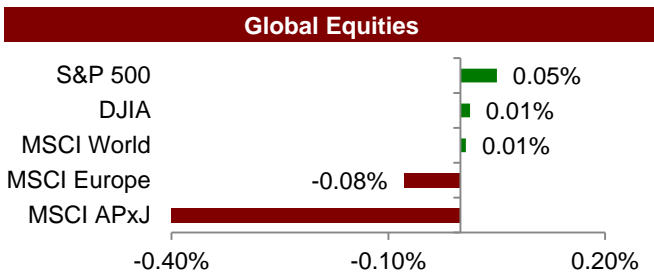
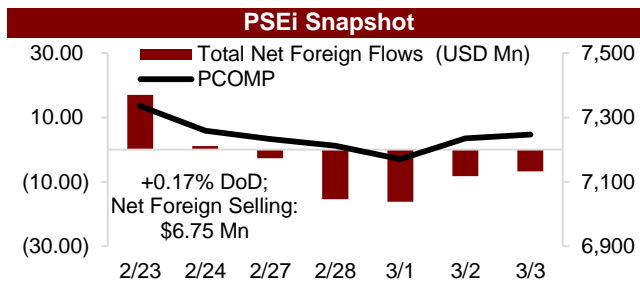


The rising probability of a March rate hike in the US drove markets last Friday, with US Treasuries continuing its decline while global equities were in the red. Comments from Fed officials Dudley and Brainard have pushed consensus probability for a March hike to 94%. Locally, equities and fixed income both were mixed amid global concerns driving local markets and as the FY 2016 corporate earnings season continued.

- ✓ The **local equities** index increased by 0.17%, closing at 7,247.12 due to bargain-hunting in various sectors. Foreigners were net sellers at Php340 million.
- ✓ In the **local fixed income** market, prices of government securities fell due to profit taking while investors took caution ahead of the February inflation to be released on Tuesday. On average, yields went up by 8.33 bps led by the short and long-end of the curve which rose by 22.9 bps and 18.4 bps, respectively.

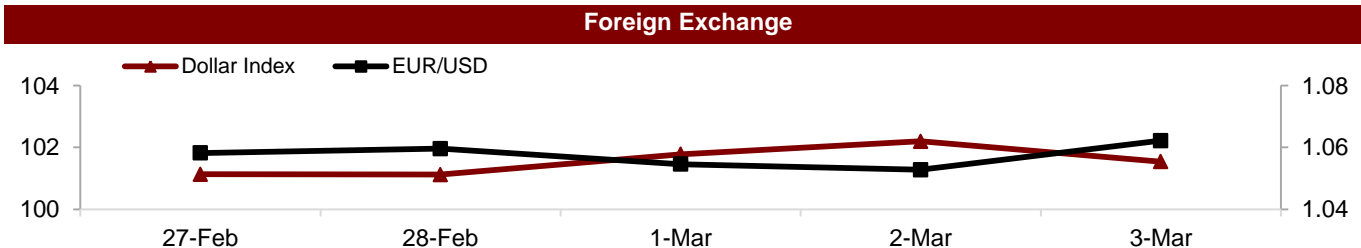


- ✓ **US equities** marginally increased despite lower-than-expected manufacturing data, as expectations for a March hike grew. The general uptrend appears to be intact for the moment as the Dow Jones rose 0.01% to 21,005.71. The S&P gained 0.05% to end at 2,383.12.
- ✓ **European equities** ended slipped as investors factored in the effect of a March Fed rate hike and amid uncertainty over the French elections. The MSCI Europe lost 0.08%.
- ✓ **Asian equities** continued to decline, weighed down by prospects of higher yields in the US. The MSCI Asia ex-Japan was down 0.94%.
- ✓ **US Treasuries** continued their decline into a fourth day, as investors finished pricing in the anticipated rate hike in March. On average, yields rose 0.49 bps, as market consensus for a hike rose to 94% probability. The 2-year yield slightly declined to 1.3051%, while the 10-year rose to 2.4780%.

- ✓ The **Philippine peso** continued to slip against the Dollar, closing at Php 50.40 on growing expectations of a March rate hike. Markets are now pricing in a 94% probability that the Fed will hike rates in March.
- ✓ The **US dollar** strengthened against major rival following key hawkish statements from the Fed buoyed speculation that a March Fed rate hike is on the table. Market consensus still leans heavily toward a hike (94%). The EURUSD closed at 1.0515.

### Foreign Exchange

USD/PHP	Previous Close	50.3100
	Close	50.4000
EUR/USD	Previous Close	1.0507
	Indicative Rate	1.0515



## Key Indicators

YIELDS AND PRICES	3-Mar-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.32	0.03%	-0.11%	0.30%	-0.35%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.63	0.03%	0.07%	-0.01%	0.26%
ROP2021 (Price)	106.25	(0.13)	(0.33)	0.11	(2.11)
ROP2034 (Price)	132.34	(0.14)	(0.82)	(0.04)	1.87
3-Month US Treasury Yield	0.70	0.04%	0.19%	0.20%	0.53%
3-Month German Treasury Bill Yield	(0.85)	-0.00%	0.02%	-0.03%	-0.31%
Dubai Crude Oil Spot (\$/bbl)	53.75	-1.45%	-1.09%	-1.90%	67.29%
Gold Spot (\$/oz)	1,234.55	0.02%	-1.80%	1.18%	16.31%

## 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
3/9/2017	EU	GDP QoQ and YoY	4Q	0.7% / 3.0%
3/8/2017	Japan	GDP SA QoQ	4Q F	0.4%

### 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