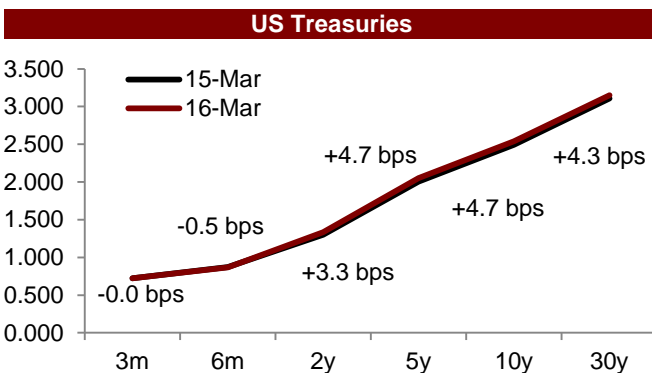
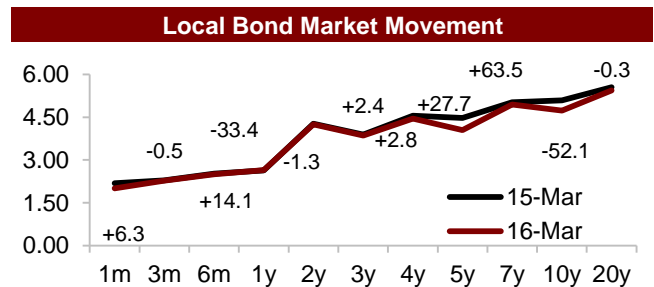
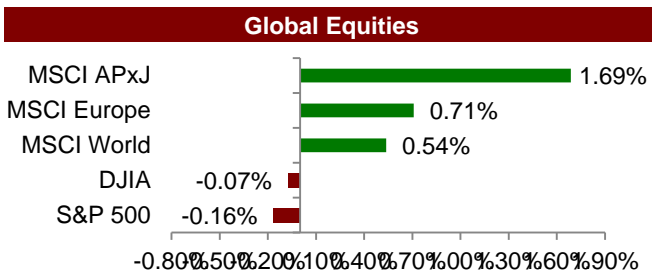
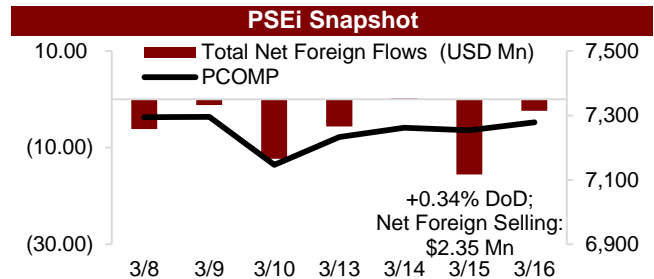


US equities lagged as investors paused following the previous day strength as investors in Europe cheered the confirmation of the political status quo in the Dutch elections. US Treasuries and the DXY moved down as market players priced in positive economic data releases in the US and the Dutch elections.

- ✓ The **local equities** index recovered by 0.34% to 7,278.60 as investors reacted to the less-hawkish-than-expected commentary post the March Fed meeting. Gains were tempered by the Php118.2Mn net foreign selling.
- ✓ In the **local fixed income market**, treasuries surged, mirroring the decline in US Treasury yields, as risk-on sentiment ensued after the Fed's tone was less hawkish than anticipated, despite hiking by 25bps. On average, treasury yields slipped by 11.31 bps, led by the long-end which fell 16.2 bps.

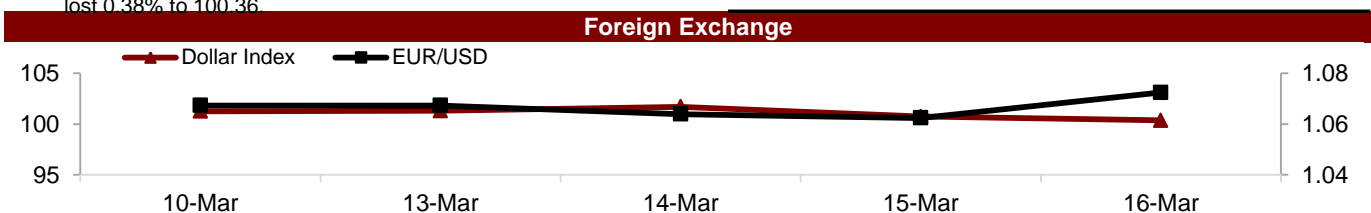


- ✓ Healthcare and utilities pulled down **US stocks** to the negative territory in a correction following the high spirits of the previous day. Both the Dow Jones and the S&P500 retreated, by 15.55 points and 3.88 points to 20,934.55 and 2,381.38 respectively.
- ✓ **European stocks** rose to a level highest since 2015, buoyed by mining stocks amid the defeat of the Dutch populist candidate lost in the Dutch election. The MSCI Europe gained 0.71%.
- ✓ **Asian equities** rallied on the back of indications that tightening in the US will be gradual. The MSCI Asia ex-Japan rose 169%.
- ✓ **US Treasuries** pared gains from the "Goldilocks" rally yesterday following the Fed's decision to hike rates, as market players priced in positive economic data releases, particularly housing and labor data. On average, the yield curve rose 2.75 bps with the 10-year yields rising 4.72 bps to 2.5402%.

- ✓ The **Philippine peso** bounced back against the greenback as the Fed maintained the pace of rate hikes for the remainder of 2017 and 2018. The Peso ended at 50.120 against the US dollar.
- ✓ The **US dollar** continued to weaken as market players priced in the result of the Dutch elections amid positive economic data releases in the US. Market players also priced in the proposed budget of Trump, cutting back on certain items in order to boost defense spending. The DXY lost 0.38% to 100.36.

Foreign Exchange

| | | |
|---------|-----------------|--------|
| USD/PHP | Previous Close | 50.340 |
| | Close | 50.120 |
| EUR/USD | Previous Close | 1.0624 |
| | Indicative Rate | 1.0714 |



Key Indicators

| YIELDS AND PRICES | 16-Mar-17 | DoD | WoW | MoM | YTD |
|---|-----------|--------|--------|--------|--------|
| 91-Day Philippine Treasury Bill Yield (PDST-R2) | 2.27 | -0.01% | 0.04% | 0.01% | -0.39% |
| 1-Year Philippine Treasury Bill Yield (PDST-R2) | 2.65 | 0.01% | 0.09% | -0.45% | 0.27% |
| ROP2021 (Price) | 105.71 | 0.16 | (0.07) | (0.62) | (2.65) |
| ROP2034 (Price) | 130.97 | 0.72 | 0.35 | (1.80) | 0.50 |
| 3-Month US Treasury Yield | 0.72 | -0.00% | -0.01% | 0.20% | 0.56% |
| 3-Month German Treasury Bill Yield | (0.91) | -0.01% | -0.04% | -0.03% | -0.37% |
| Dubai Crude Oil Spot (\$/bbl) | 50.63 | 1.52% | -2.33% | -5.96% | 57.58% |
| Gold Spot (\$/oz) | 1,226.42 | 0.55% | 2.10% | -1.02% | 15.55% |

Upcoming Economic Releases

Philippines

| Date | Event | Period | Prior |
|-----------|---|--------|-------------|
| 3/23/2017 | BSP Overnight Borrowing / Standing Overnight Deposit Rate | N/A | 3.0% / 2.5% |
| 3/31/2017 | Bank Lending YoY | Feb | 16.2% |

Developed Markets

| Date | Country | Event | Period | Prior |
|-----------|---------|---------------------------|--------|-------------|
| 3/22/2017 | US | MBA Mortgage Applications | 17-Mar | 3.1% |
| 3/17/2017 | EU | GDP QoQ and YoY | 4Q | 0.7% / 3.0% |
| 3/22/2017 | Japan | Exports / Imports YoY | Feb | 1.3% / 8.5% |

Emerging Markets

| Date | Country | Event | Period | Prior |
|-------------|---------|----------------------------|--------|--------------|
| 3/26/2017 | China | Industrial Profits YoY | Feb | 2.3% |
| 3/31/2017 | Indo | Money Supply M1 and M2 YoY | Feb | 13.9% / 9.7% |
| 3/15 - 3/31 | India | Current Account Balance | 4Q | -USD 3.4 Bn |

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

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