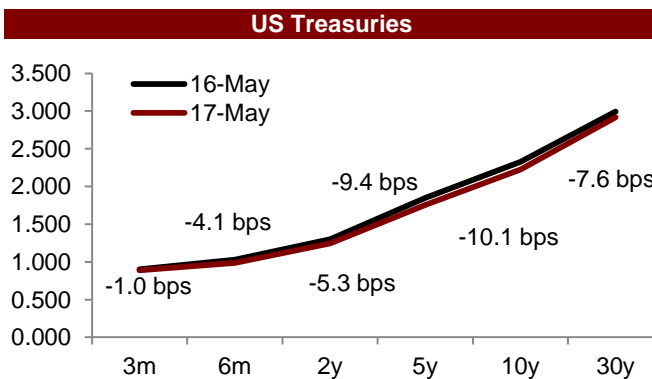
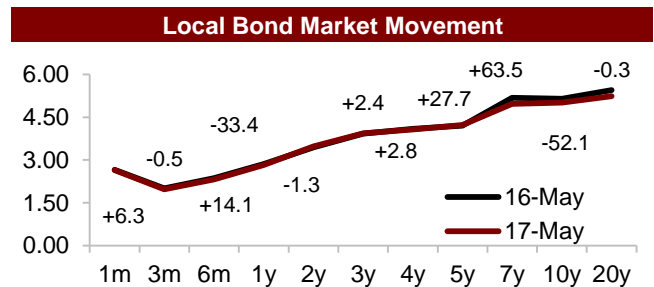
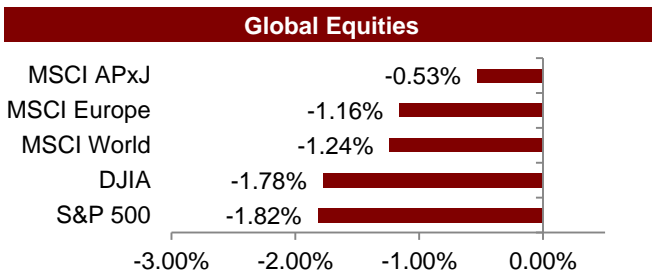
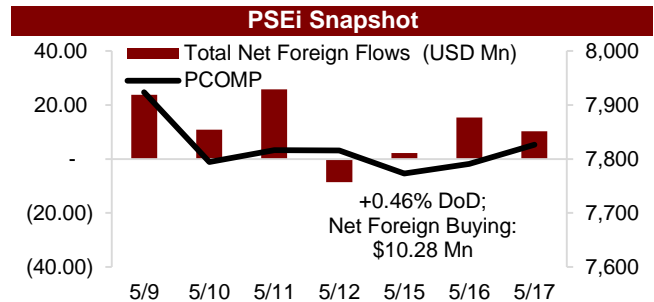


May 18, 2017

All global bourses ended in the red due to political uncertainty in the US. Controversy has dogged Trump throughout the month, with the latest issue being the disclosure of a February memo written by then-FBI Director Comey, which shows that Trump directed Comey to stop investigations into ex-National Security Adviser Flynn's dealings with his Russian contacts. The political instability brought about by these events prompted a flight to safe-haven assets, with the US dollar depreciating as US Treasury yields plummeted.

- ✓ **Philippine equities** rose, as market players positioned ahead of the release of Philippine GDP data that is expected to be favorable on Thursday. The PSEi gained 0.46%, closing at 7,826.53.
- ✓ **Local fixed income** yields dwindled as investors whetted their appetites for long term treasury bonds, amid the 20 year FXTN auction yesterday. On average, yields fell 5.42 bps, led by the long end (11.73 bps).

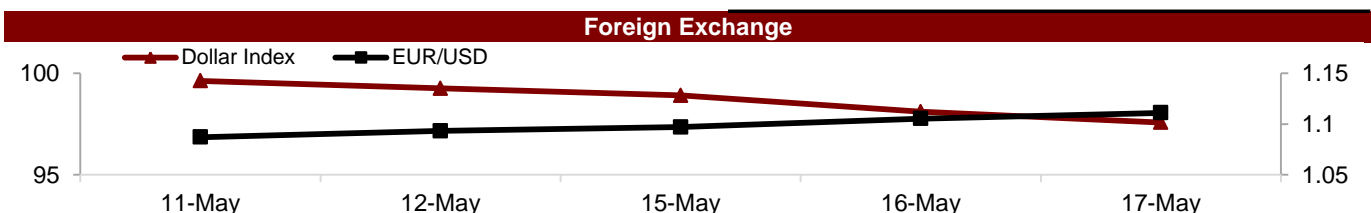


- ✓ **US equities** plummeted, as markets reacted to a memo written by former FBI Director Comey, containing evidence that Trump directed him to drop investigations into a former top aide. The S&P and Dow Jones fell 1.82% and 1.78%, respectively.
- ✓ **European equity indices** tracked declines in the US, falling 1.16% to close at 132.16, their biggest drop since September 2016. The banking sector slipped the most, retreating 2%.
- ✓ **Asian markets** fell, led by Australia, as retailers and major banks dragged the index lower. Weak wage data also weighed on the index as May has been a historically weak month for Australia. The MSCI APxJ fell 0.53% to 494.26.
- ✓ The **US Treasury yield** curve flattened as investors aggressively sought safe-haven assets after the sell-off experienced in equities. On average, yields declined by 6.26 basis points. The 10-year US Treasury yield lost 10.14 basis points to 2.2243%.

- ✓ The **Philippine peso** fell for the first time in a week as turmoil within the Trump administration fueled risk-off sentiment among traders. The USDPHP rose 0.16% to 49.760.
- ✓ The **US dollar** tumbled, practically erasing what was left of post-election gains amid political uncertainty in the US government. The DXY slipped 0.54% to 97.58.

Foreign Exchange

| | | |
|---------|-----------------|--------|
| USD/PHP | Previous Close | 49.680 |
| | Close | 49.760 |
| EUR/USD | Previous Close | 1.1053 |
| | Indicative Rate | 1.1092 |



www.bpiassetmanagement.com



Key Indicators

| YIELDS AND PRICES | 17-May-17 | DoD | WoW | MoM | YTD |
|---|-----------|-------|--------|--------|--------|
| 91-Day Philippine Treasury Bill Yield (PDST-R2) | 2.07 | 0.01% | -0.03% | -0.18% | -0.60% |
| 1-Year Philippine Treasury Bill Yield (PDST-R2) | 2.87 | 0.04% | 0.03% | 0.03% | 0.50% |
| ROP2021 (Price) | 106.43 | 0.10 | (0.04) | 0.11 | (1.93) |
| ROP2034 (Price) | 133.19 | 0.32 | (0.10) | 0.08 | 2.72 |
| 3-Month US Treasury Yield | 0.87 | 0.00% | -0.02% | 0.07% | 0.71% |
| 3-Month German Treasury Bill Yield | (0.87) | 0.01% | -0.04% | -0.07% | -0.33% |
| Dubai Crude Oil Spot (\$/bbl) | 50.84 | 2.71% | 6.16% | -6.11% | 58.23% |
| Gold Spot (\$/oz) | 1,230.69 | 0.21% | 0.36% | -4.28% | 15.95% |

Upcoming Economic Releases

Philippines

| Date | Event | Period | Prior |
|-----------|-------------|--------|---------|
| 5/18/2017 | GDP YoY | 1Q | 6.60% |
| 5/19/2017 | BoP Overall | Apr | -\$550m |

Developed Markets

| Date | Country | Event | Period | Prior |
|-----------|---------|------------------------|--------|----------|
| 5/18/2017 | US | Initial Jobless Claims | 13-May | 236k |
| 5/19/2017 | EU | Consumer Confidence | May | -3.6 |
| 5/22/2017 | Japan | Trade Balance | Apr | ¥614.7bn |

Emerging Markets

| Date | Country | Event | Period | Prior |
|-----------|---------|---------------------|--------|-------|
| 5/31/2017 | China | Manufacturing PMI | May | 51.2 |
| 6/2/2017 | Indo | CPI YoY | May | 4.17% |
| 6/7/2017 | India | RBI Repurchase Rate | 7-Jun | 6.25% |

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