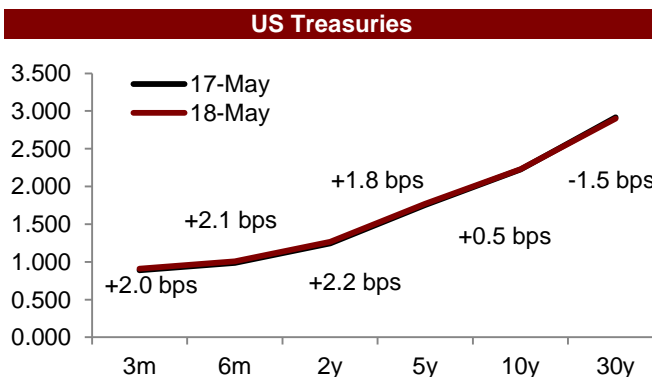
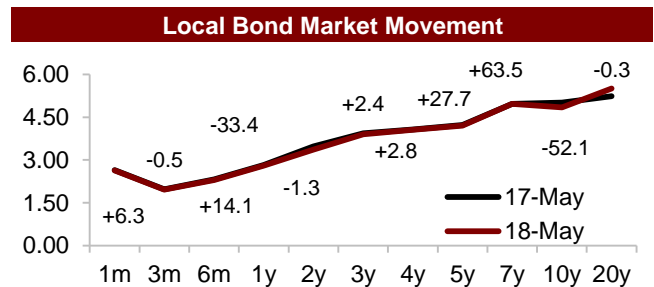
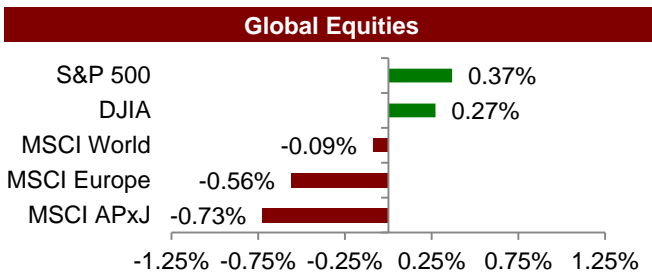
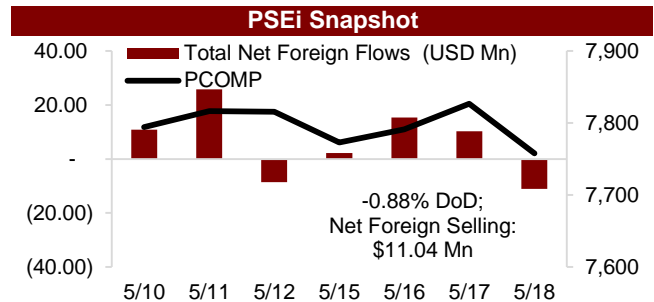


Global equities ended mixed following developments in US politics. Meanwhile, US Treasury yields and the greenback rose amid hawkish comments by key Federal Reserve officials and better-than-expected manufacturing data in Philadelphia.

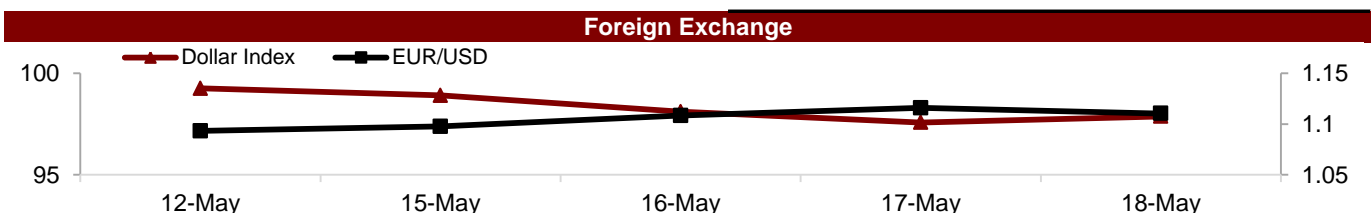
- ✓ **Philippine equities** tracked the fall in global equities, with the release of lower-than-expected GDP growth data and increasing political turmoil in the US triggering a flight to safe-haven assets. The PSEi lost 0.88%, closing at 7,757.69.
- ✓ The **local fixed income** yield curve steepened, as the generally negative market sentiment manifested in increased demand for bonds across all tenors (except for the 20-year tenor). Yields slid 1.33 bps on average, while the long end rose 3.21 bps.



- ✓ **US equities** slightly recovered despite risks in US politics, as market players took the opportunity to bargain hunt. Consumer staples and telecom shares buoyed the market for the day. The S&P edged 0.37% higher, while the Dow Jones rose 0.27%.
- ✓ **European equity indices** continued to digest the negative implications of instability in the US government amid the Trump controversy. The MSCI Europe index declined 0.56%.
- ✓ **Asian markets** extended losses amid heightened concerns on US politics following the appointment of a special counsel to take over the investigation into Russia's involvement in the November 2016 presidential election. The MSCI APxJ lost 0.73%.
- ✓ **US Treasury yields** rose slightly following hawkish comments by a key Fed official and amid better than-expected manufacturing data in Philadelphia. On average, yields rose by 1.18 basis points. The 10-year US Treasury yield gained 0.51 basis points to 2.2294%.

Pair	Previous Close	Close
USD/PHP	49.760	49.805
EUR/USD	1.1109	1.1141

- ✓ The **Philippine peso** weakened slightly against the dollar amid net foreign outflows of USD 11.03m, as dollar-off sentiment pervaded global markets. The USDPHP rose 0.09% to 49.805.
- ✓ The **US dollar** snapped a 5-day losing streak following hawkish remarks by Loretta Mester, president of the Federal Reserve Bank of Cleveland-- as she addressed members of the Economic Club of Minnesota. The DXY gained 0.31% to 97.879.



Key Indicators

YIELDS AND PRICES	18-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
5/19/2017	BoP Overall	Apr	-\$550m
5/19 - 5/31	Budget Balance PHP	Apr	-61.5b

Developed Markets

Date	Country	Event	Period	Prior
5/26/2017	US	GDP Annualized QoQ	1Q S	0.70%
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