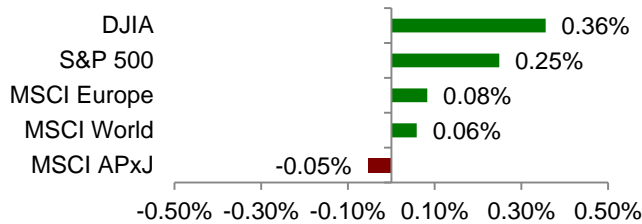


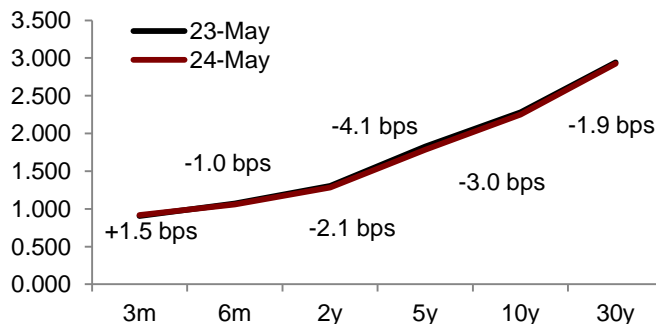
Equity markets generally trended higher as the minutes of the Federal Reserve minutes showed that the Fed requires more data before concluding that the recent economic weakness is not transitory. As such, this led to a decrease in Treasury yields. Meanwhile, China continued to lag other markets following its credit downgrade from Moodys.

- ✓ The **local equities index** marginally increased, led by the industrial sector, as it mirrored buoyancy in its regional peers, with the declaration of martial law in Mindanao appearing to have little impact on investor sentiment. The PSEi climbed 0.33% to 7,837.82.
- ✓ On average, yields for **Philippine fixed income securities** rose as investors grabbed the opportunity to take profits following the rally in bond prices in the past couple of days. Overall, yields rose 2.90 bps on average, led by the 11.79 bps hike in the short-end of the curve.

Global Equities

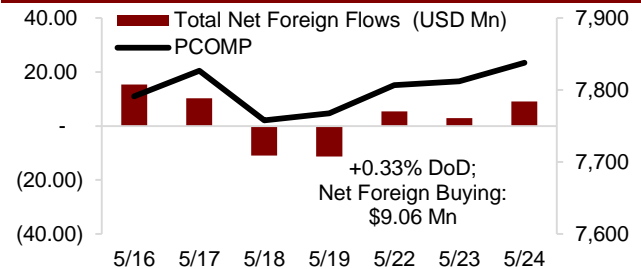


US Treasuries

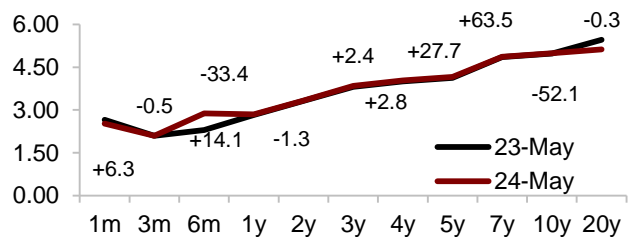


- ✓ The **Philippine peso** declined amidst geopolitical turmoil in Mindanao, headlined by the takeover of the city of Marawi by the Maute terrorist group. The USDPHP rose 0.35% to 49.995.
- ✓ The **US dollar** weakened slightly in line with the decline in US Treasury yields. The DXY gained 0.38% to 97.35.

PSEi Snapshot



Local Bond Market Movement



- ✓ **US equities** continued to rise for the past week as the Federal Reserve's meeting minutes showed general agreement to unwind the Central Bank's balance sheet, possibly by the end of the year. The DJIA ended at 21,012.42 (+0.36% DoD), while the S&P 500 closed at 2,404.39 (+0.25% DoD).
- ✓ **European shares** marginally increased, despite dovish statements from ECB President Mario Draghi. Gains from the banking sector was pared with weakness in auto and mining. The MSCI Europe gained 0.08% DoD, closing at 132.43.
- ✓ **Asian stocks** declined as Moody's downgrade of the Chinese credit rating (due to rising debt and slowing growth) dragged on regional equity markets. The MSCI APxJ lost 0.28%, closing at 495.60.
- ✓ **US Treasury yields** fell as the Fed requires confirmation from further economic data before concluding that the recent economic weakness is not transitory. Short-term yields increased slightly as the Fed sees the next hike to be appropriate soon. The 2-year yields sank 3.3 bps to 1.28%, with the average curve falling 1.77 bps.

Foreign Exchange

USD/PHP	Previous Close	49.820
	Close	49.995
EUR/USD	Previous Close	1.1239
	Indicative Rate	1.1179

Foreign Exchange



Key Indicators

YIELDS AND PRICES	24-May-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.10	0.00%	0.13%	-0.78%	-0.57%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.85	0.03%	0.03%	0.09%	0.48%
ROP2021 (Price)	106.46	(0.04)	0.04	(0.26)	(1.90)
ROP2034 (Price)	133.13	(0.58)	(0.25)	(0.50)	2.66
3-Month US Treasury Yield	0.92	0.02%	0.03%	0.13%	0.76%
3-Month German Treasury Bill Yield	(0.86)	0.00%	0.01%	-0.04%	-0.32%
Dubai Crude Oil Spot (\$/bbl)	53.06	1.86%	5.13%	4.02%	65.14%
Gold Spot (\$/oz)	1,258.80	0.61%	-0.19%	-1.36%	18.60%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
5/31/2017	Bank Lending YoY	Apr	18.4%
6/6/2017	CPI YoY	May	3.40%

Developed Markets

Date	Country	Event	Period	Prior
5/25/2017	US	Initial Jobless Claims	20-May	232k
5/26/2017	Japan	National CPI YoY	Apr	0.2%
5/29/2017	EU	M3 Money Supply YoY	Apr	5.3%

Emerging Markets

Date	Country	Event	Period	Prior
5/31/2017	China	Manufacturing PMI	May	51.2
6/1/2017	India	Nikkei India PMI Mfg	May	52.5
6/2/2017	Indo	CPI YoY	May	4.17%

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