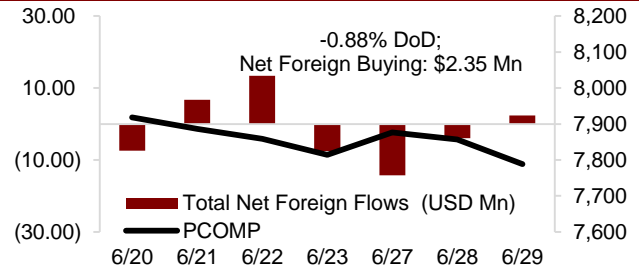


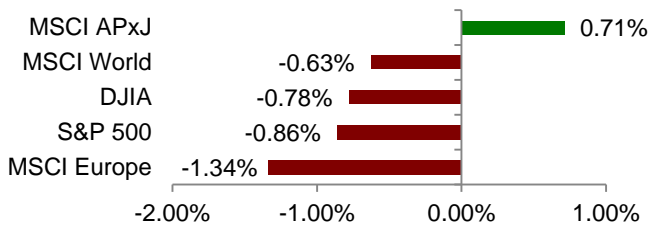
**Global equities were mixed with US and European equities down despite positive 1Q US GDP data, while Asian equities were up on positive sentiment. Consequently, US Treasury yields were up as investors priced in higher US economic growth. Finally, the dollar continued to decline as political risk pertaining to debt ceiling escalates.**

- ✓ **Local stocks** continued to decline, led by the telecommunications sector (TEL -3.59%, GLO -3.32%), as news broke of the filing of a bill in the Lower House that seeks to rescind the franchise tax exemptions of telecommunications companies. The PSEi lost 0.88%, ending at 7,788.06.
- ✓ **Local fixed income yields** rose, tracking US Treasuries, as investors positioned in response to ECB's hawkish comments. In response to these comments, the curve flattened, with the short end rising 19.62 bps DoD. On average, yields rose 4.43 bps, with the 10-year yields closing at 4.6409%.

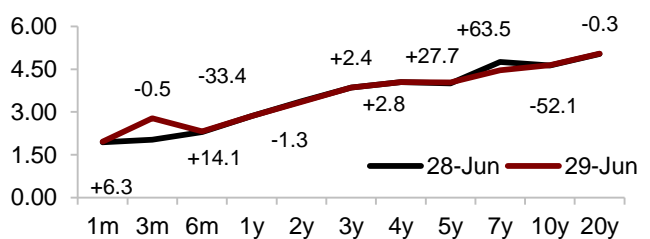
### PSEi Snapshot



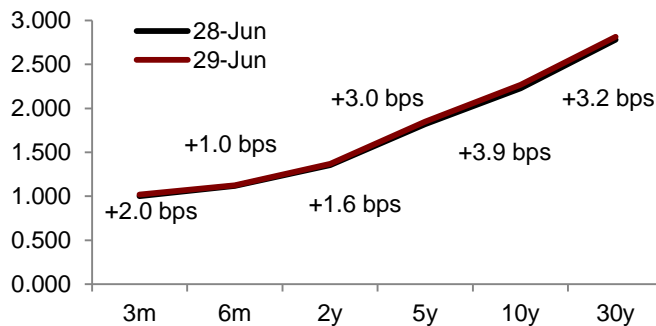
### Global Equities



### Local Bond Market Movement



### US Treasuries



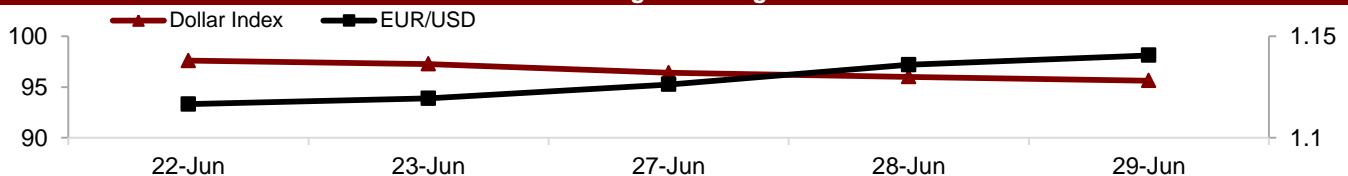
- ✓ **US stocks** declined despite the minor positive surprise in 1Q GDP as Tech shares (-1.83% DoD) dragged down Financials (+0.65%). The decline was supported by an increase in perceived volatility (VIX rose 14.06% DoD to close at 11.44). The S&P 500 ended at 2,419.70 (-0.86% DoD), while the DJIA closed at 21,287.03 (-0.78% DoD).
- ✓ **European equities** fell as investors continued to struggle with hawkish statements from the ECB. Further comments from BoE Chief Economist suggesting that the central bank needs to 'look seriously' at raising rates to combat inflation added to investor anxiety. The MSCI Europe lost 1.34% DoD to 128.58.
- ✓ **Asian equities** rose as investors took news from the US Fed that US Financial institutions may ramp up dividend payouts and share buybacks positively. The MSCI APxJ rose 0.71% to 508.73.
- ✓ **US Treasury yields** rose with a steepening bias as 1Q Annualized GDP came in at 1.4%, compared to 1.2% consensus estimates (e.g. 30YR rose 3.2 bps while 3M only rose 2 bps). Yields rose 2.45 bps on average, with the 10YR closing at 2.267%.

- ✓ The **Philippine peso** recovered despite statements from the BSP suggesting weaker than expected peak inflation. Unexpected strength in local inflation may temper the peso's weakness. The USD/PHP fell 0.06% to 50.530.
- ✓ The **US dollar** continued its decline as the US Congressional Budget Office announced that the federal government is expected to run out of money to pay its debts later in the year on the back of weaker tax collections. The DXY fell to 0.40% DoD, ending at 95.628.

### Foreign Exchange

USD/PHP	Previous Close	50.500
	Close	50.530
EUR/USD	Previous Close	1.1359
	Indicative Rate	1.1426

### Foreign Exchange



## Key Indicators

YIELDS AND PRICES	29-Jun-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.78	0.75%	0.72%	0.88%	0.11%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.85	-0.00%	0.02%	0.02%	0.48%
ROP2021 (Price)	106.68	0.02	(0.18)	0.27	(1.68)
ROP2034 (Price)	134.71	(0.31)	(0.53)	1.35	4.24
3-Month US Treasury Yield	1.02	0.02%	0.08%	0.10%	0.86%
3-Month German Treasury Bill Yield	(0.83)	-0.02%	-0.04%	0.03%	-0.29%
Dubai Crude Oil Spot (\$/bbl)	46.35	2.14%	6.21%	-8.16%	44.26%
Gold Spot (\$/oz)	1,245.52	-0.30%	-0.39%	-1.89%	17.34%

## Upcoming Economic Releases

### Philippines

Date	Event	Period	Prior
6/30/2017	Bank Lending YoY	May	16.0%
7/3/2017	Nikkei Philippines Manufacturing PMI	June	54.3

### Developed Markets

Date	Country	Event	Period	Prior
7/3/2017	Japan	Nikkei Japan PMI Mfg (Final)	June	52.0
7/3/2017	US	ISM Manufacturing	June	54.9
7/5/2017	Germany	Germany Manufacturing PMI	June	59.3

### Emerging Markets

Date	Country	Event	Period	Prior
6/30/2017	China	Manufacturing PMI	June	51.2
7/3/2017	Indonesia	CPI Core YoY	Jun	3.2%
7/3/2017	India	Nikkei India PMI Manufacturing	Jun	51.6

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