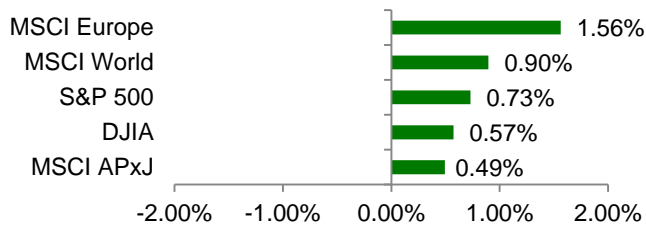


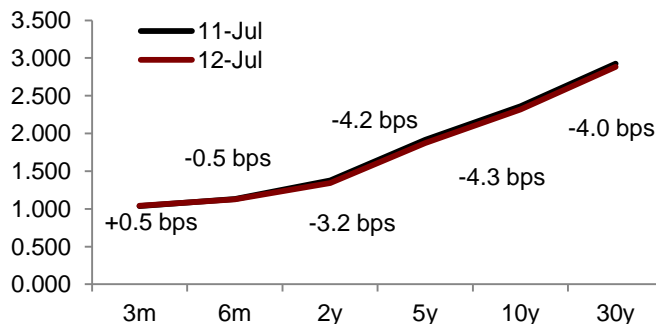
**Global markets rallied after a more dovish stance signified by the FED chair. Yellen announced that the economy continues to be robust with the unemployment rate already at all time lows and yet, inflation has still to pickup, sparking concerns for FED watchers globally. US treasuries and the Dollar rose despite a .25% interest rate hike by the Canadian Central bank.**

- ✓ **Local stocks** led gains in Southeast Asian markets, with the record-high May trade deficit figure (due to a surge in imports) taken as indicative of the start of the government's infrastructure push. The PSEi gained 1.02%, ending at 7,938.37.
- ✓ **Local fixed income** market yields rose on average as investors took on a risk-on sentiment following the release of data on a wider-than-expected trade deficit indicative of an improvement in the Philippine economy. On average, yields ascended 1.49 bps, led by the belly of the curve which rose by 1.97 bps.

### Global Equities

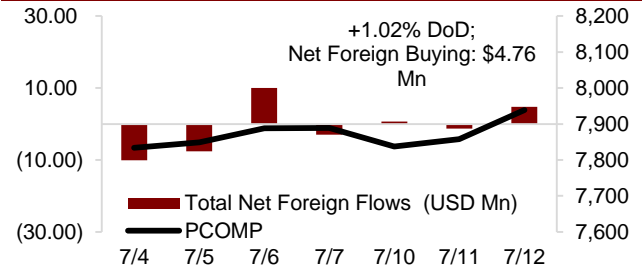


### US Treasuries

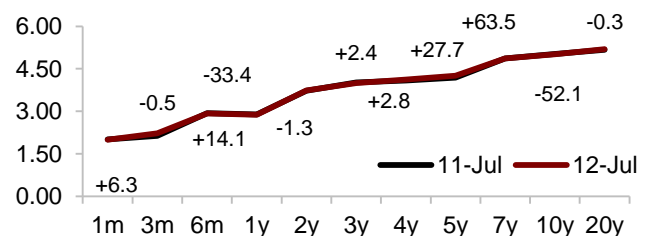


- ✓ The **Philippine peso** weakened given the country's wider-than-expected trade deficit along with defensive positioning of investors ahead of Fed Chair Yellen's speech. The peso weakened by 0.04%, closing at 50.55.
- ✓ The **US dollar** appreciated despite a hike in interest rates by the Canadian Central bank. The Central Bank raised its rates by 0.25% to .75% for the first time in 7 years, feeding speculation of a tightening among global central banks. The DXY strengthened 0.1%, closing at 95.761.

### PSEi Snapshot



### Local Bond Market Movement

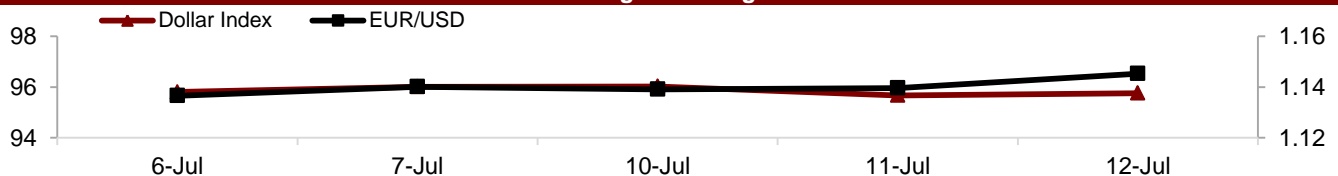


- ✓ **US equities** increased with the DJIA reflecting record highs led by Tech shares (+1.31%) and REITs (+1.32%) amid a dovish read on statements made by Fed chair Janet Yellen. The S&P 500 was up 0.73% to 2,443.25, while the DJIA grew 0.57% to 21,532.14.
- ✓ **European stocks** posted its biggest day-on-day rally since President Macron's first round win on the back of a rebound in oil prices and Yellen suggesting a more neutral monetary stance. The MSCI Europe soared 1.56% day-on-day to 129.99.
- ✓ **Asian equities** advanced, as crude oil rebounded on the back of EIA reporting a drop in Crude stockpiles by 6.3 million bpd last week. The MSCI APxJ rose by 0.49% to 509.17.
- ✓ **US Treasuries yields** fell mildly following comments from FED chair Yellen on a tempered inflation outlook. According to Yellen, softness in inflation could prove more worrisome than expected given that inflation has yet to pickup despite a low unemployment rate. On average, yields decreased by 2.61 bps with the 10-year closing at 2.318% (-4.28 bps).

### Foreign Exchange

|         |                 |        |
|---------|-----------------|--------|
| USD/PHP | Previous Close  | 50.530 |
|         | Close           | 50.550 |
| EUR/USD | Previous Close  | 1.1396 |
|         | Indicative Rate | 1.1453 |

### Foreign Exchange



## Key Indicators

| YIELDS AND PRICES                               | 12-Jul-17 | DoD    | WoW    | MoM    | YTD    |
|---|-----------|--------|--------|--------|--------|
| 91-Day Philippine Treasury Bill Yield (PDST-R2) | 2.22      | 0.09%  | -0.62% | 0.21%  | -0.44% |
| 1-Year Philippine Treasury Bill Yield (PDST-R2) | 2.87      | -0.01% | -0.02% | 0.03%  | 0.50%  |
| ROP2021 (Price)                                 | 106.23    | 0.15   | 0.03   | (0.58) | (2.13) |
| ROP2034 (Price)                                 | 133.17    | 0.50   | (0.35) | (1.56) | 2.70   |
| 3-Month US Treasury Yield                       | 1.04      | 0.01%  | 0.00%  | 0.05%  | 0.88%  |
| 3-Month German Treasury Bill Yield              | (0.67)    | 0.01%  | 0.13%  | 0.20%  | -0.15% |
| Dubai Crude Oil Spot (\$/bbl)                   | 46.85     | 3.17%  | -2.09% | -0.51% | 45.81% |
| Gold Spot (\$/oz)                               | 1,220.48  | 0.22%  | -0.53% | -3.59% | 14.99% |

## Upcoming Economic Releases

### Philippines

| Date      | Event                    | Period | Prior    |
|-----------|--------------------------|--------|----------|
| 7/17/2017 | Overseas Remittances YoY | May    | -5.9%    |
| 7/19/2017 | BoP Overall              | June   | (\$59mn) |

### Developed Markets

| Date      | Country | Event                     | Period | Prior |
|-----------|---------|---------------------------|--------|-------|
| 7/14/2017 | Japan   | Industrial Production MoM | May    | -3.3% |
| 7/13/2017 | US      | Initial Jobless Claims    | July   | 248k  |
| 7/18/2017 | Europe  | CPI YoY                   | June   | 1.4%  |

### Emerging Markets

| Date      | Country   | Event                | Period | Prior   |
|-----------|-----------|----------------------|--------|---------|
| 7/13/2017 | China     | Exports YoY          | June   | 8.7%    |
| 7/17/2017 | Indonesia | Trade Balance        | June   | \$474mn |
| 7/14/2017 | India     | Wholesale Prices YoY | June   | 2.17%   |

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