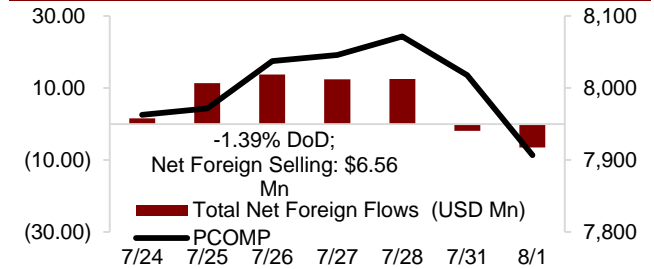


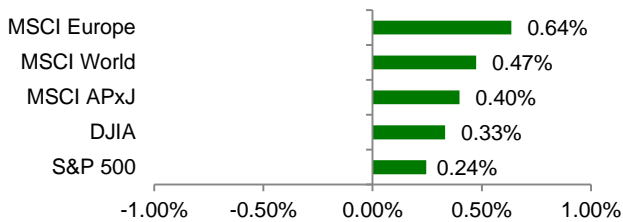
Global markets trended up as economic data reinforced investor expectations of strong economic growth and subdued inflation. US Treasuries and the US dollar also rose with the release of inflation data that was in line with expectations.

- ✓ The **local equities market** declined, marking a poor start to the earnings season as investors digested lackluster results from BDO. Positive statements from government officials on GDP and inflation failed to reverse the tide. The PSEI lost 1.39%, closing 7,906.60.
- ✓ In the **local fixed income market**, prices rose on the back of statements from Department of Finance Undersecretary Beltran indicating lower inflation expectations (est. 2.7% compared to 2.8% in June) on the back of stable food prices and lower power rates. On average, yields went down by 10.65 bps, led by the short end of the curve which declined 34.44 bps.

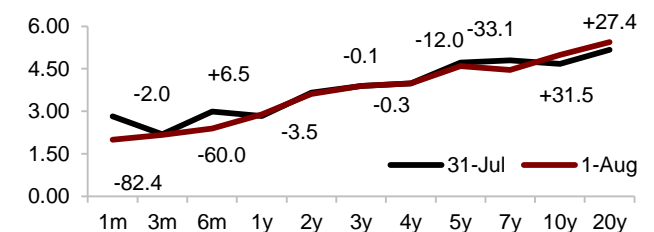
PSEi Snapshot



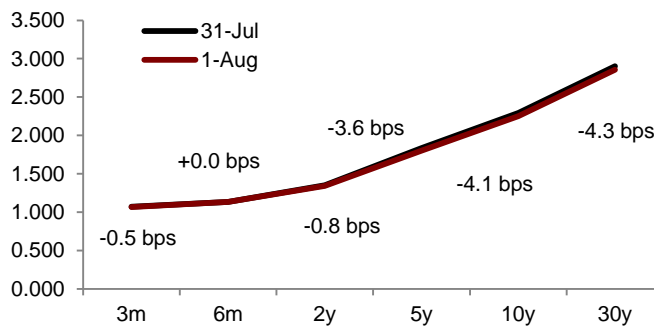
Global Equities



Local Bond Market Movement



US Treasuries



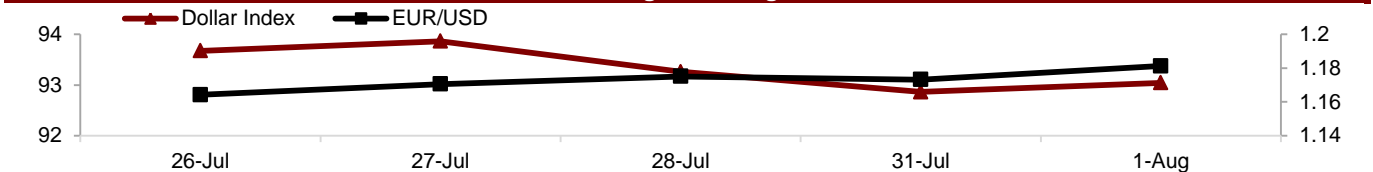
- ✓ Upbeat earnings drove **US equities** upward, pushing the Dow Jones Industrial Average to another record high as it approached the 22,000-point mark. The DJIA ended at 21,963.92 (+0.33%) while the S&P 500 was at 2,476.35 (+0.24%).
- ✓ **European stocks** gained following a GDP growth print that confirmed growth momentum, with some analysts flagging that the central bank will potentially revise growth expectations upward in their September staff forecasts. The MSCI Europe gained 0.64% DoD, closing at 128.35.
- ✓ Optimism abounded in **Asian equity markets** following a positive surprise in the leading indicator for the manufacturing sector in China; which was supported by the largely neutral stance of the central bank, with some hints of dovishness. The MSCI APxJ rose 0.40% to end at 531.33.
- ✓ **US Treasury yields** fell as Core PCE (1.5% for June) came in-line of investor expectations of 1.4%, further supporting the divergence between strong economic growth and subdued inflation. Yields fell 2.22 bps on average, with 10-year yields down 4.10 bps to 2.253%.

- ✓ The **Philippine peso** strengthened against the US Dollar as chaos in the White House continued (i.e. the consecutive departures of Prebuis, Scaramucci, and Spicer), spurring investor concern over US political risk. The peso rose by 0.18% closing at 50.370 to the dollar.
- ✓ The **US dollar** marginally recovered after hitting a 15-month low, following the release of US inflation data. Core PCE rose 0.1% in June, in line with consensus. The DXY closed at 93.043, up 0.19%.

Foreign Exchange

USD/PHP	Previous Close	50.460
	Close	50.370
EUR/USD	Previous Close	1.1732
	Indicative Rate	1.1824

Foreign Exchange



Key Indicators

YIELDS AND PRICES	1-Aug-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.17	-0.02%	0.04%	-0.64%	-0.49%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.90	0.07%	0.06%	-0.33%	0.52%
ROP2021 (Price)	106.45	0.04	0.19	(0.05)	(1.91)
ROP2034 (Price)	134.49	0.13	0.49	0.28	4.02
3-Month US Treasury Yield	1.07	-0.01%	-0.09%	0.06%	0.90%
3-Month German Treasury Bill Yield	(0.69)	-0.02%	-0.01%	0.13%	-0.18%
Dubai Crude Oil Spot (\$/bbl)	51.39	0.59%	7.76%	10.28%	59.94%
Gold Spot (\$/oz)	1,268.85	-0.05%	1.50%	2.20%	19.54%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
8/4/2017	CPI YoY	July	2.8%
8/7/2017	Foreign Reserves	July	\$81.4b

Developed Markets

Date	Country	Event	Period	Prior
8/2/2017	US	MBA Mortgage Applications	28-Jul	0.4%
8/3/2017	Japan	Nikkei Japan PMI Services	July	52.9
8/3/2017	Europe	Markit Eurozone Composite PMI (Final)	July	55.8

Emerging Markets

Date	Country	Event	Period	Prior
8/2/2017	India	RBI Repurchase Rate	2-Aug	6.25%
8/3/2017	China	Caixin China PMI Composite	July	51.1
8/7/2017	Indonesia	Foreign Reserves	July	\$123.09b

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