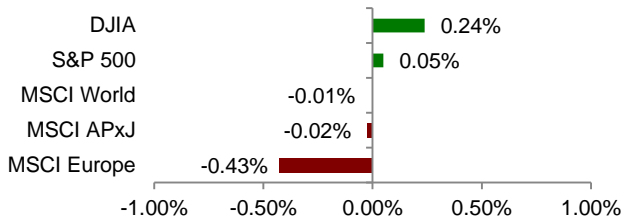


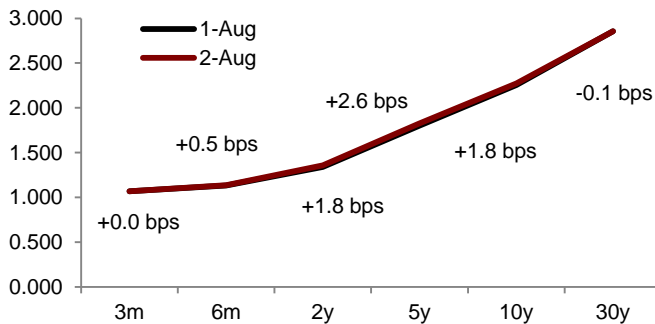
US equity markets improved following good earnings results, while other major markets pulled back from their relative strengths in recent sessions. US Treasuries fell with the dollar after Fed officials made comments suggesting continued monetary policy tightening.

- ✓ The **local equities market** declined for a third day in a row in spite of overnight gains across global markets. Locally, investors shrugged off positive 2Q17 results from banking names, particularly SECB and EW. The PSEi lost 0.43%, closing 7,872.65.
- ✓ In the **local fixed income market**, the yield curve flattened as investors anticipated lower inflation, which was suggested by lower Philippine PMI data (down to 52.8 in July from 53.9 in June). Key weaknesses were from output growth, new orders, and exports. On average, yields rose 1.65 bps, led by the short end of the curve, which gained 15.67 bps.

Global Equities

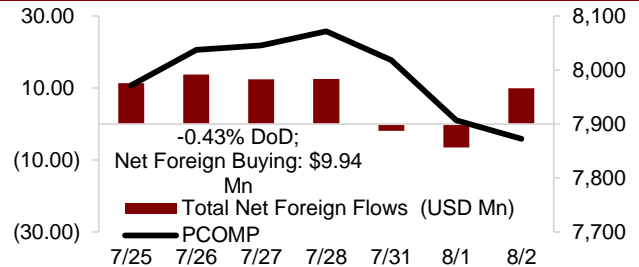


US Treasuries

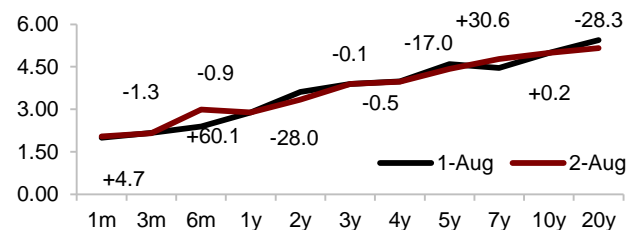


- ✓ The **Philippine peso** weakened against the US dollar as economic data in the US tracked investor expectations, particularly the Core PCE. The USD/PHP gained 0.04%, closing at 50.390.
- ✓ The **US dollar** approached its 15-month low once again after Cleveland Fed President stated that gradual tightening should continue despite recent weak inflation. The DXY closed at 92.836, down by 0.22%.

PSEi Snapshot



Local Bond Market Movement

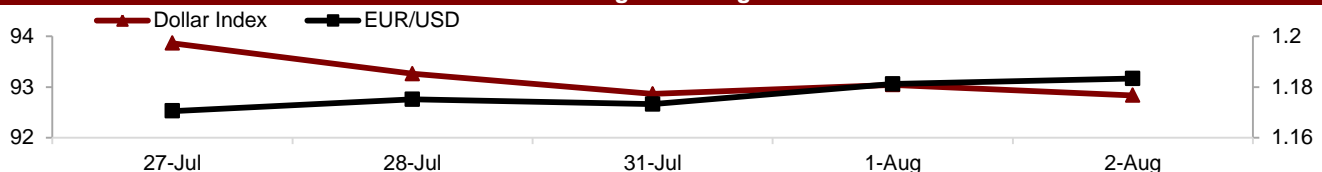


- ✓ **US equities** were up as the Dow Jones Industrial Average reached the 22,000-level for the first time, pushed by gains from Apple Inc. after posting better-than-expected quarterly earnings. The DJIA closed at 22,016.24 (+0.24%) while the S&P500 was at 2,477.57 (+0.05%).
- ✓ **European stocks** fell, weighed down by the continued strength of the euro and with the scarcity of market-moving information. The MSCI Europe lost 0.43% to close at 127.80.
- ✓ **Asian stock markets** were little changed, declining marginally as the India's central bank delivered a 25-basis point cut in the policy rate, with the monetary policy stance remaining neutral. The MSCI Asia ex-Japan shed 0.02% to 531.21%.
- ✓ **US Treasury yields** gained slightly after comments by San Francisco Fed President John Williams were taken to mean that the unwinding of the US central bank's balance sheet may start as early as fall of this year. Yields rose 1.10 bps on average, with 10-year yields up 1.78 bps.

Foreign Exchange

USD/PHP	Previous Close	50.370
	Close	50.390
EUR/USD	Previous Close	1.1812
	Indicative Rate	1.1847

Foreign Exchange



Key Indicators

YIELDS AND PRICES	2-Aug-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.16	-0.01%	0.01%	-0.65%	-0.51%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.89	-0.01%	0.07%	-0.34%	0.52%
ROP2021 (Price)	106.48	0.03	0.16	(0.03)	(1.89)
ROP2034 (Price)	134.66	0.17	0.80	0.45	4.20
3-Month US Treasury Yield	1.07	0.00%	-0.05%	0.06%	0.90%
3-Month German Treasury Bill Yield	(0.69)	0.00%	-0.04%	0.13%	-0.18%
Dubai Crude Oil Spot (\$/bbl)	50.34	-2.04%	2.59%	8.03%	56.68%
Gold Spot (\$/oz)	1,266.65	-0.17%	0.48%	2.02%	19.34%

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
8/3/2017	US	Initial Jobless Claims	29-Jul	244k
8/3/2017	Europe	Markit Eurozone Composite PMI (Final)	July	55.8
8/8/2017	Japan	BoP Current Account Balance	June	¥1653.9b

Emerging Markets

Date	Country	Event	Period	Prior
8/3/2017	China	Caixin China PMI Composite	July	51.1
8/4/2017	Thailand	Foreign Reserves	28-Jul	\$186.6b
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