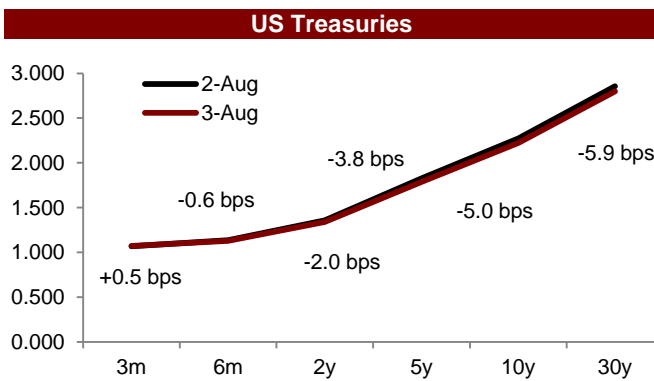
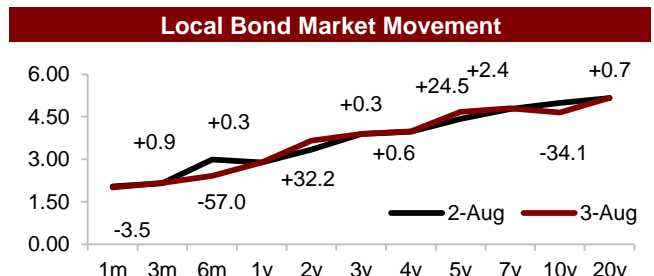
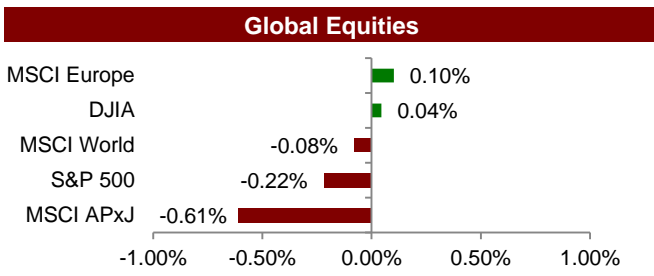
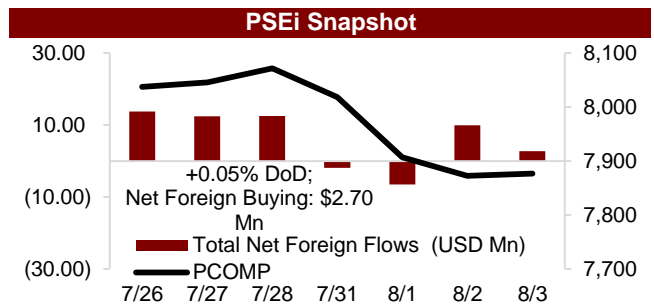


Global equity markets were mixed, with gains in Europe from good earnings and retail sales growth, but a slowdown in Asian equities from weak service sector growth data. In the US, equity indices fell with Treasury yields amid continuing political instability in the White house, while the dollar languished at 15-month lows.

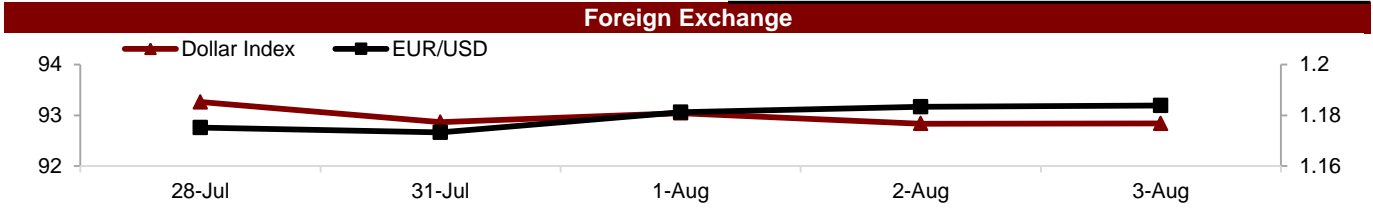
- ✓ The **local equities market** made small gains, tracking strength in US markets. Strong financial (+0.37%) and industrial sector (+0.46%) performance led the rise in the index. The PSEi lost 0.051%, closing 7,876.66.
- ✓ In the **local fixed income market**, the short and long ends of the yield curve fell while the belly rose, with investors positioning ahead of tomorrow's scheduled domestic inflation data release. Consensus estimates put the inflation at 2.8% YoY. On average, yields fell 2.73 bps, but the belly of the curve gained 12.01 bps.



- ✓ **US equities** ended mixed, with the weakness owing to the ongoing political developments and the disappointment in the leading indicator for non-manufacturing. The non-manufacturing ISM was down to 53.9 in July, pulled down by new orders and employment. The decline in employment came ahead of the much anticipated non-farm payrolls for July. The Dow Jones edged up 0.04% to 22,026.10, while the S&P declined 0.22% to 2,472.16.
- ✓ **European stocks** strengthened, reversing losses in early trading after the release of good blue-chip earnings data (Next PLC, Cobham PLC, UniCredit SpA) and better-than-anticipated Eurozone retail sales growth. The MSCI Europe gained 0.10% to 127.93.
- ✓ **Asian shares** declined following the softer service sector PMIs in July for China and India, and in anticipation of the jobs report in US, a key data monitored by the Federal Reserve. The MSCI APxJ shed 0.61%, closing at 527.95.
- ✓ **US Treasury yields** slipped amid political instability in Washington D.C. and weaker-than-expected July services sector growth. Yields fell 2.79 bps on average, with 10-year yields down 4.98 bps.

Pair	Previous Close	Close	Indicative Rate
USD/PHP	50.390	50.270	
EUR/USD	1.1833	1.1850	

- ✓ The **Philippine peso** strengthened against the US dollar after the release of DoF statements directing the BIR to build cases against major tax evaders, which would potentially add Php 20-30 Bn in tax revenues. The USD/PHP lost 0.24%, closing at 50.270.
- ✓ The **US dollar** traded sideways, close to 15-month lows, after news broke that the special counsel for the investigation into Trump's possible Russian connections impaneled a grand jury, indicating the escalation of the probe's intensity. The DXY was basically flat at 92.839.



Key Indicators

YIELDS AND PRICES	3-Aug-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.17	0.01%	-0.01%	-0.70%	-0.50%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.89	0.00%	0.08%	-0.38%	0.52%
ROP2021 (Price)	106.48	0.01	0.08	0.26	(1.89)
ROP2034 (Price)	134.69	0.02	0.60	1.01	4.22
3-Month US Treasury Yield	1.07	0.01%	-0.02%	0.05%	0.91%
3-Month German Treasury Bill Yield	(0.69)	0.00%	-0.03%	0.10%	-0.17%
Dubai Crude Oil Spot (\$/bbl)	51.10	1.51%	3.59%	7.38%	59.04%
Gold Spot (\$/oz)	1,268.51	0.15%	0.74%	3.97%	19.51%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
8/7/2017	Foreign Reserves	July	\$81.4b
8/10/2017	BSP Overnight Borrowing Rate	10-Aug	3.0%

Developed Markets

Date	Country	Event	Period	Prior
8/4/2017	US	Change in Nonfarm Payrolls	July	222k
8/7/2017	Eurozone	Industrial Production MoM	June	1.2%
8/8/2017	Japan	BoP Current Account Balance	June	¥1653.9b

Emerging Markets

Date	Country	Event	Period	Prior
8/7/2017	China	Foreign Reserves	July	\$3056.8b
8/7/2017	Indonesia	Foreign Reserves	July	\$123.09b
8/10/2017	India	Exports YoY	July	4.4%

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