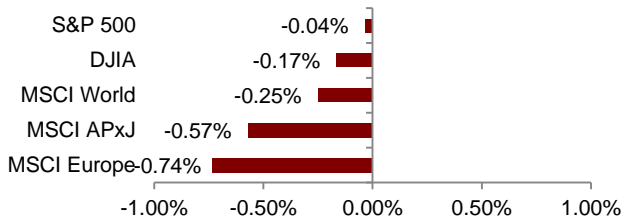


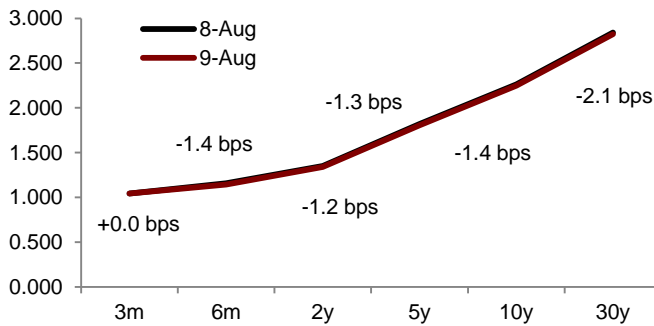
Escalating tensions between the US and North Korea soured risk appetites, weighing on global equity markets, US Treasury yields, and the US dollar.

- ✓ The **local equities market** traded sideways despite strong performance from MWC and SM, which reported 1H17 results above consensus expectations. More surprising in light of the flat movement is the presence of net foreign buying amounting to USD 6.78 Mn. The PSEi decreased by 0.68 points or 0.009%, closing at 7,985.83.
- ✓ In the **local fixed income market**, yields were down as investors digested the IMF's reduction to its 2017 Philippine GDP growth forecast, from 6.8% to 6.6%. On average, yields were down by 6.43 bps, led by the belly of the curve, which fell 12.32 bps.

Global Equities

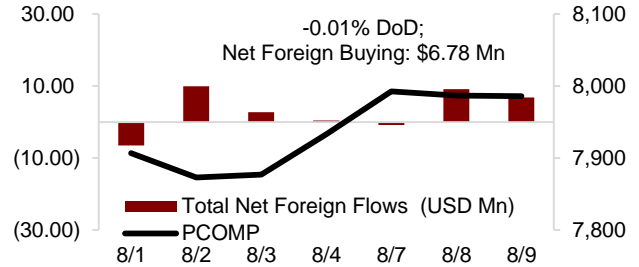


US Treasuries

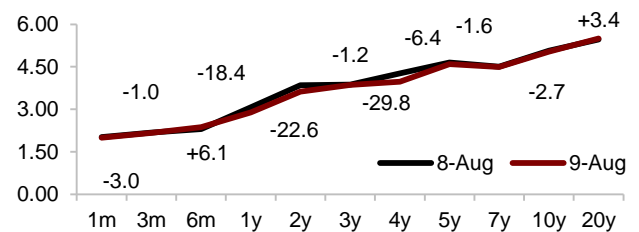


- ✓ The **Philippine peso** weakened against the dollar as political risk concerning the North Korean Nuclear threat escalates. The peso went down by 0.27%, closing at 50.575.
- ✓ The **US dollar** weakened after market players opted out of the greenback as threats between the US and North Korea heat up. The DXY closed at 93.548 (-0.11% DoD).

PSEi Snapshot



Local Bond Market Movement

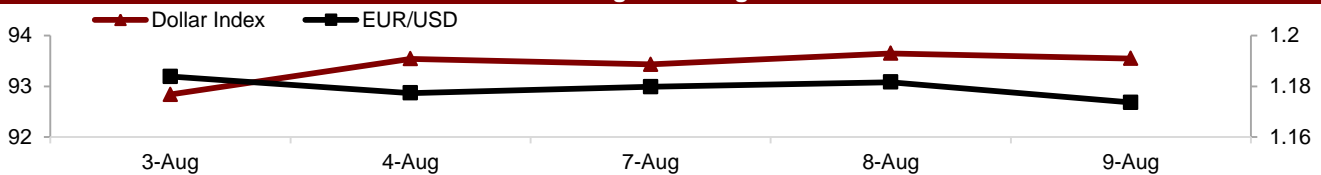


- ✓ **US equities** traded lower as tensions between the US and North Korea simmer, and as a couple of big names disappointed on earnings. The Dow Jones Industrial Average ended at 22,048.70 (-.17% DoD) while the S&P 500 was at 2,474.02 (-0.04% DoD).
- ✓ **European stocks** were the most impacted by the souring sentiment from escalating geopolitical risks, with markets shrugging off positive industrial production numbers in Italy. The MSCI Europe was 0.74% lower to end at 128.30 points.
- ✓ **Asian equities** pulled back, weighed down by higher risk premia ascribed to equities and currencies in light of the North Korean-US rift. The MSCI Asia Pacific ex-Japan lost 0.57% and closed at 529.18 points.
- ✓ **US Treasury yields** fell, with 10-year yields hitting 6-week lows, as risk-off sentiment from escalating tensions between the US and North Korea pervaded equity markets. Yields were down 1.24 bps on average; 10-year yields fell 1.43 bps to 2.2476%.

Foreign Exchange

USD/PHP	Previous Close	50.440
	Close	50.575
EUR/USD	Previous Close	1.1816
	Indicative Rate	1.1742

Foreign Exchange



Key Indicators

YIELDS AND PRICES	9-Aug-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.17	-0.01%	0.01%	0.02%	-0.49%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.89	-0.18%	-0.00%	-0.34%	0.51%
ROP2021 (Price)	106.37	(0.05)	(0.09)	0.26	(1.99)
ROP2034 (Price)	134.65	(0.08)	(0.02)	2.29	4.18
3-Month US Treasury Yield	1.04	0.00%	-0.02%	0.02%	0.88%
3-Month German Treasury Bill Yield	(0.68)	0.02%	0.01%	0.13%	-0.17%
Dubai Crude Oil Spot (\$/bbl)	50.90	-0.64%	1.11%	11.38%	58.42%
Gold Spot (\$/oz)	1,267.69	0.53%	0.08%	4.50%	19.43%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
8/10/2017	BSP Overnight Borrowing Rate	10-Aug	3.0%
8/15/2017	Overseas Remittances YoY	June	5.5%

Developed Markets

Date	Country	Event	Period	Prior
8/10/2017	Japan	GDP Annualized SA QoQ (Preliminary)	July	1.0%
8/10/2017	US	Initial Jobless Claims	5-Aug	240k
8/10/2017	France	Industrial Production MoM	June	1.9%

Emerging Markets

Date	Country	Event	Period	Prior
8/10-8/15	China	Money Supply M2 YoY	July	9.4%
8/11/2017	India	Industrial Production YoY	Jun	1.7%
8/11/2017	Thailand	Foreign Reserves	4-Aug	\$189.3b

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