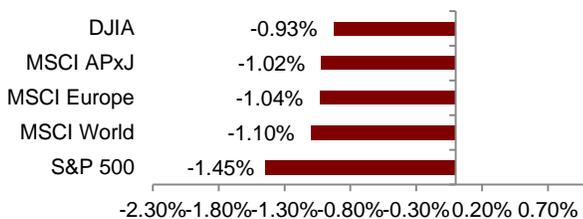


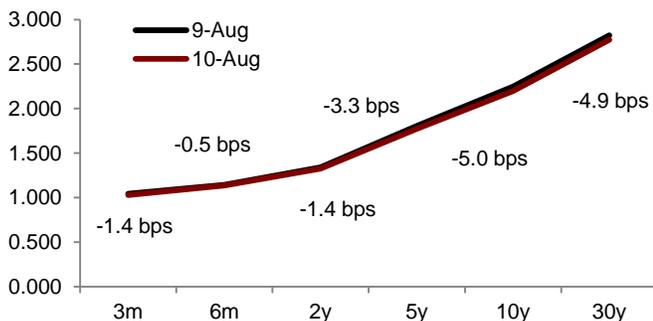
Perceived geopolitical risk from barb-trading by the US and North Korea spurred a flight to safe-haven assets, dragging on global equity markets and on US Treasury yields. Yields and the US dollar also fell on the back of low July wholesale inflation data, which weakened the economic outlook for the rest of the year.

- ✓ The **local equities market** tracked global market movements, falling amid rising tensions between the US and North Korea. The industrial (-1.61% DoD) and holding firm (-1.12% DoD) sectors led the decline. The PSEi lost 0.25%, closing at 7,966.25 points.
- ✓ Yields in the **local fixed income market** rose, led by the short end of the curve (+33.96 bps), after the BSP's decision to keep its policy rates unchanged. This movement was offset by a 13.15-bp fall in the long end of the curve. The flattening reflects expectations for interest rates to remain unchanged in the next months. On average, yields rose by 7.84 bps.

Global Equities

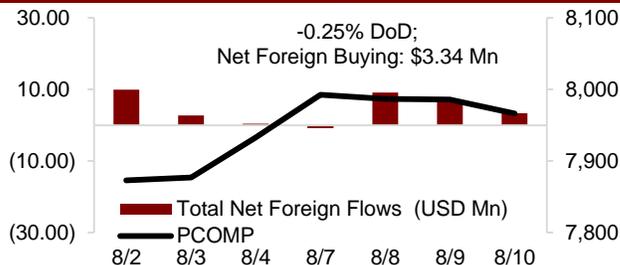


US Treasuries

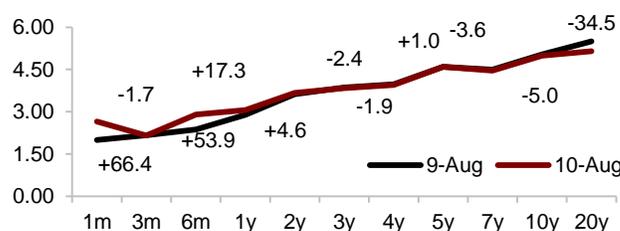


- ✓ The **Philippine peso** continued to weaken against the dollar as perceived geopolitical risk in Asia escalated due to the North Korea-US spat. The USD/PHP gained 0.43% to 50.795.
- ✓ The **US dollar** weakened after the producer price index for final demand dropped 0.1% in July, the first drop since August 2016. The DXY closed at 93.401 (-0.16% DoD).

PSEi Snapshot



Local Bond Market Movement

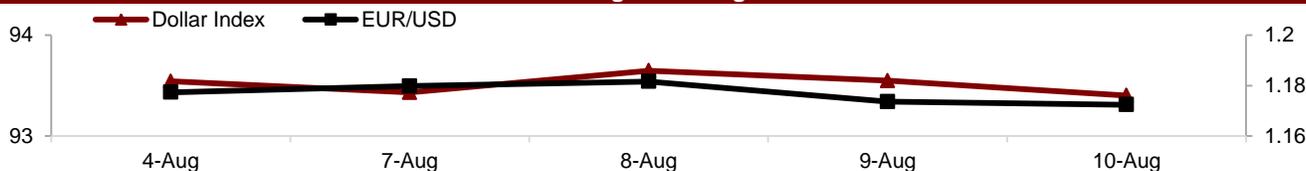


- ✓ **US equities** tumbled as geopolitical tensions between the US and North Korea continued, causing a flight to safe-haven assets. The Dow Jones Industrial Average ended at 21,844.01 (-0.93% DoD) while the SPX was at 2,438.21 (-1.45% DoD).
- ✓ **European equities** slumped as risk-off sentiments from political risk drove investors to risk-havens. Pessimism was compounded by disappointing metrics from France's industrial sector. The MSCI Europe declined to 126.97, down 1.04% DoD.
- ✓ **Asian shares** were sold off, with investors taking cues from expectations of higher volatility due to tensions in the political scene, with the sell-off exacerbated by the decline in oil prices. The MSCI Asia Pacific ex-Japan lost 1.02% DoD, closing at 523.77.
- ✓ **US Treasury yields** fell amid continued geopolitical tensions, as underwhelming PPI data and an increase in weekly jobless claims lowered the rest of the year's economic outlook, which may decrease the probability of one last US interest rate increase before the year ends. Yields fell by 2.76 bps on average, with 10-year yields sliding 5.01 bps to 2.198%.

Foreign Exchange

USD/PHP	Previous Close	50.575
	Close	50.795
EUR/USD	Previous Close	1.1736
	Indicative Rate	1.1725

Foreign Exchange



Key Indicators

YIELDS AND PRICES	10-Aug-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.16	-0.02%	-0.01%	-0.68%	-0.51%
1-Year Philippine Treasury Bill Yield (PDST-R2)	3.06	0.17%	0.17%	-0.23%	0.69%
ROP2021 (Price)	106.40	0.00	(0.07)	0.36	(1.96)
ROP2034 (Price)	134.52	(0.13)	(0.17)	1.91	4.05
3-Month US Treasury Yield	1.03	-0.01%	-0.04%	0.00%	0.87%
3-Month German Treasury Bill Yield	(0.68)	0.01%	0.01%	-0.03%	-0.17%
Dubai Crude Oil Spot (\$/bbl)	51.57	1.32%	0.92%	14.68%	60.50%
Gold Spot (\$/oz)	1,286.34	0.70%	1.40%	5.92%	21.19%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
8/15/2017	Overseas Remittances YoY	June	5.5%
8/16/2017	GDP YoY	2Q	6.4%

Developed Markets

Date	Country	Event	Period	Prior
8/11/2017	US	CPI MoM	July	0.0%
8/13/2017	Japan	GDP QoQ	2Q	0.3%
8/14/2017	EU	Industrial Production MoM	June	1.3%

Emerging Markets

Date	Country	Event	Period	Prior
8/09-8/15	China	Money Supply M2 YoY	July	9.4%
8/13/2017	India	Exports YoY	July	4.4%
8/15/2017	Indonesia	Trade Balance	July	\$1631m

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