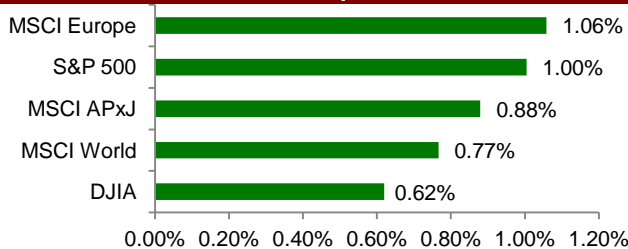


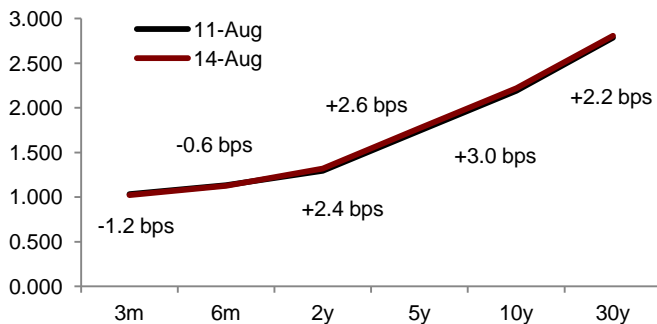
Risk assets rebounded as efforts from US officials to moderate tensions between the United States and North Korea eased investors into equity markets after days of buying safe-haven assets. Yields of US Treasuries, and the dollar rose on this calming news and the indications from a Fed member of another rate hike within the year.

- ✓ The **local equities market** rose slightly. Statements from the BSP governor supporting the market and favorable earnings results were insufficient to move the market up further, in light of geopolitical risk. The PSEi rose by 33.7 points or 0.43%, closing at 7,962.12.
- ✓ In the **local fixed income market**, prices of government securities fell, bucking the trend in the US fixed income markets as investors shifted toward equities. The long end of the curve led the rise in yields, gaining 12.81 bps. On average, yields went up by 0.83 bps.

Global Equities

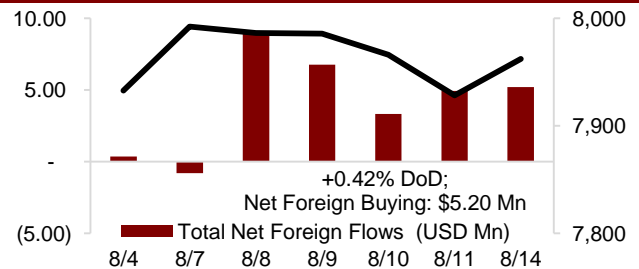


US Treasuries

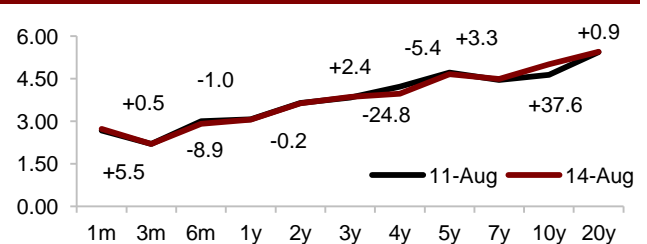


- ✓ The **Philippine peso** weakened against the dollar over continued concerns surrounding North Korea, though the BSP was quick to reassure investors about the currency's poor performance. The USD/PHP gained 0.20% to 51.080.
- ✓ The **US dollar** recovered after Secretary of Defense Jim Mattis and Secretary of State Rex Tillerson expressed the Administration's intention to seek diplomatic solutions to achieve its goal of a "denuclearized Korean Peninsula". The DXY closed at 93.411 (+0.37% DoD).

PSEi Snapshot



Local Bond Market Movement

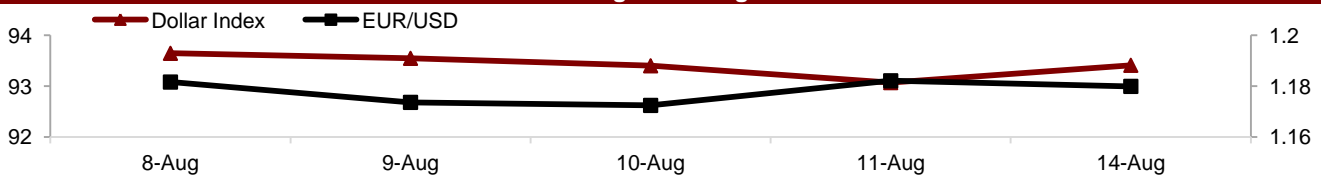


- ✓ **US equities** climbed after last week's selloff. Traders bought back stocks following efforts from US officials to moderate tensions between the United States and North Korea. The Dow Jones Industrial Average closed at 21,993.71 (+0.62% DoD) while the S&P 500 was at 2,465.84 (+1.00% DoD).
- ✓ **European equities** rebounded on a relief rally as remarks from US officials eased geo-political worries, and despite the 0.6% month-on-month decline in industrial production in June for the area. The MSCI Europe closed at 126.99 (+1.03% DoD).
- ✓ **Asian shares** were up on calming statements from the US, and amid various economic data releases across the region. The strong GDP report in Japan and inflation in India compensated for the broad-based disappointing data in China. The MSCI Asia Pacific ex-Japan ended 0.88% higher to 520.62.
- ✓ **US Treasury** yields rose as investors sold-off bonds amid subsiding geopolitical risks, and following statements from the Fed suggesting another rate hike within the year. On average, yields rose 1.40 bps, with 10-year yields rising 2.97 bps.

Foreign Exchange

USD/PHP	Previous Close	50.980
	Close	51.080
EUR/USD	Previous Close	1.1821
	Indicative Rate	1.1800

Foreign Exchange



Key Indicators

YIELDS AND PRICES	14-Aug-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.20	0.00%	0.03%	-0.63%	-0.47%
1-Year Philippine Treasury Bill Yield (PDST-R2)	3.06	-0.01%	0.02%	0.19%	0.69%
ROP2021 (Price)	106.42	0.08	0.03	0.21	(1.94)
ROP2034 (Price)	134.67	0.42	(0.01)	1.39	4.20
3-Month US Treasury Yield	1.02	-0.01%	-0.03%	-0.01%	0.86%
3-Month German Treasury Bill Yield	(0.68)	0.01%	0.02%	-0.02%	-0.16%
Dubai Crude Oil Spot (\$/bbl)	50.29	0.78%	-0.34%	6.21%	56.52%
Gold Spot (\$/oz)	1,282.14	-0.56%	1.93%	4.35%	20.79%

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
8/15/2017	US	Retail Sales Advance MoM	July	-0.2%
8/15/2017	Japan	Industrial Production MoM	June	1.6%
8/16/2017	EU	GDP QoQ	2Q	0.6%

Emerging Markets

Date	Country	Event	Period	Prior
8/15/2017	China	Money Supply M2 YoY	July	9.4%
8/15/2017	Indonesia	Trade Balance	July	\$1631m
8/22/2017	Mexico	GDP YoY / QoQ	2Q	1.8% / 0.6%

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