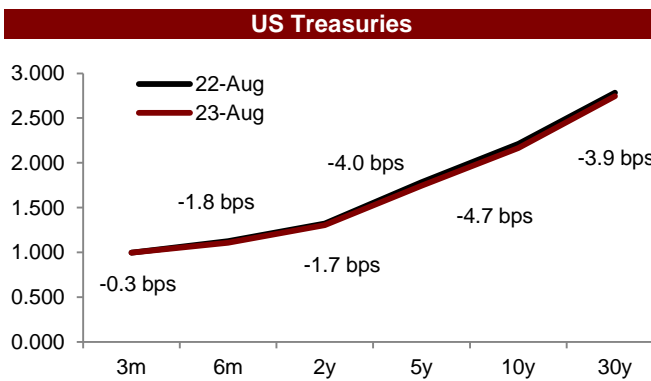
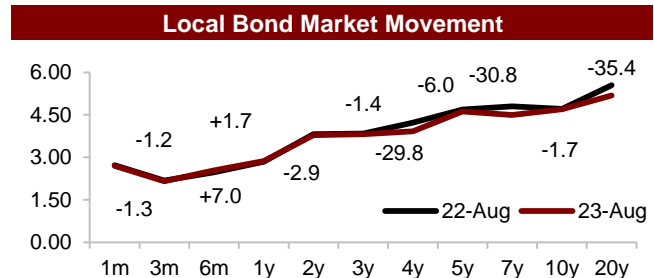
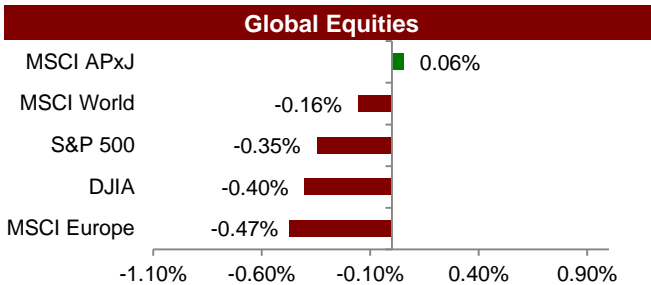
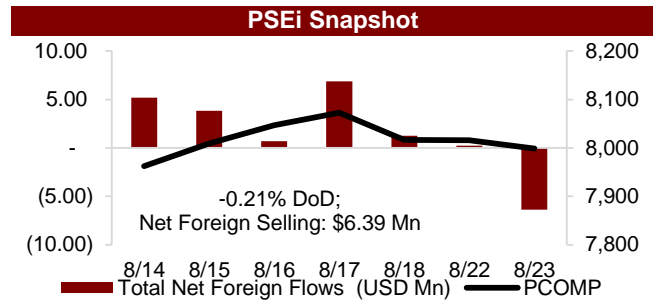


**The risk of a US government shutdown dampened sentiment, pulling down most equity markets, the US dollar, and yields of US Treasuries.**

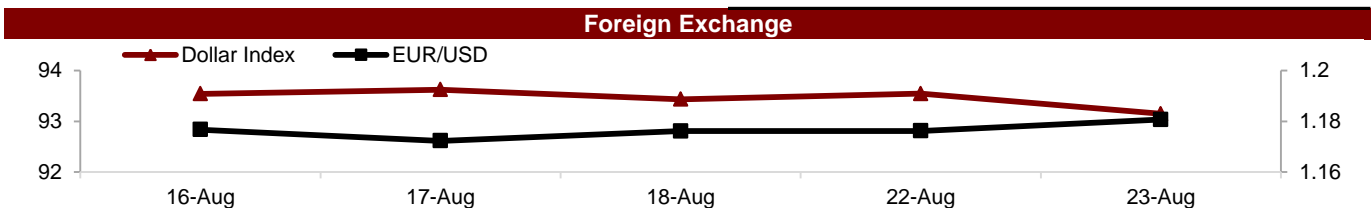
- ✓ The **local equities** market traded flat with a slight downward bias as investors awaited for catalysts in either direction. Risks remain to the upside as investors fear potentially hawkish statements from the upcoming Jackson Hole event.
- ✓ The **local fixed income** yield curve flattened, with investors expecting dovish commentary during the annual central banking convention in Jackson Hole, Wyoming, that will be held on August 24-26. Yields fell 8.49 bps on average, led by the belly, which lost 14.17 bps.



- ✓ The **Philippine peso** showed very mild recovery for a second day, as BSP Deputy Governor Gunigundo commented that the fundamental bases for a depreciating peso may shift soon. The PHP moved 0.04% against the USD, ending at 51.220.
- ✓ The **US dollar** dipped as concerns on trade and domestic policy issues resurfaced, causing pressure on the greenback as it weakened against other major currencies. The DXY lost 0.43% DoD to 93.147.

- ✓ **US equities** stumbled following President Trump's threat to shut down the US government if his administration's plan to build a wall along the Mexican border does not push through. Stocks traded at their lightest volume of the year after Trump's comments. The DJIA lost 0.40% to 21,812.09, while the SPX fell 0.35% to 2,444.04.
- ✓ **European equities** were sold-off on general risk-off stance despite forward-looking metrics showing prospects of continuous growth. Investors shrugged off euro area flash manufacturing PMI at 57.4 (+0.8 pts). The MSCI Europe closed at 126.20 (-0.47%).
- ✓ **Asian shares** inched higher, with sentiment getting a boost from Japan's economic growth indicator rising to its best level since February. Manufacturing PMI for August printed 52.8 (+0.7pts). The MSCI Asia Pacific ex-Japan was up 0.06% to 527.96.
- ✓ **Prices of US Treasuries** rose as the threat of a government shutdown soured investor sentiment. Fitch Ratings warned that a delay in the approval of an increase in the US federal debt ceiling would prompt its potential downgrade of the US sovereign rating. Yields fell 2.71 bps on average, with 10-year yields down 4.71 bps to 2.166%.

Pair	Previous Close	Current Rate
USD/PHP	51.240	51.220
EUR/USD	1.1753	1.1784



## Key Indicators

YIELDS AND PRICES	23-Aug-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.16	-0.01%	0.00%	-0.63%	-0.50%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.87	0.02%	-0.05%	-0.15%	0.49%
ROP2021 (Price)	106.38	0.07	(0.02)	(0.12)	(1.98)
ROP2034 (Price)	134.82	(0.02)	0.30	0.04	4.35
3-Month US Treasury Yield	0.99	-0.00%	-0.01%	-0.16%	0.83%
3-Month German Treasury Bill Yield	(0.67)	0.01%	0.01%	0.03%	-0.15%
Dubai Crude Oil Spot (\$/bbl)	49.93	-0.52%	0.36%	3.70%	55.40%
Gold Spot (\$/oz)	1,290.95	0.45%	0.60%	2.86%	21.62%

## Upcoming Economic Releases

### Philippines

Date	Event	Period	Prior
8/31/2017	Bank Lending YoY	July	18.3%
8/31/2017	Money Supply M3 SRF YoY	July	13.2%

### Developed Markets

Date	Country	Event	Period	Prior
8/24/2017	US	Initial Jobless Claims	19-Aug	232k
8/25/2017	Japan	Tokyo CPI Ex-Fresh Food YoY	August	0.2%
8/28/2017	Europe	M3 Money Supply YoY	July	5.0%

### Emerging Markets

Date	Country	Event	Period	Prior
8/24/2017	China	Foreign Direct Investment YoY CNY	July	2.3%
8/24/2017	Mexico	Bi-Weekly CPI	15-Aug	0.25%
8/25/2017	Thailand	Foreign Reserves	18-Aug	\$192.2b

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