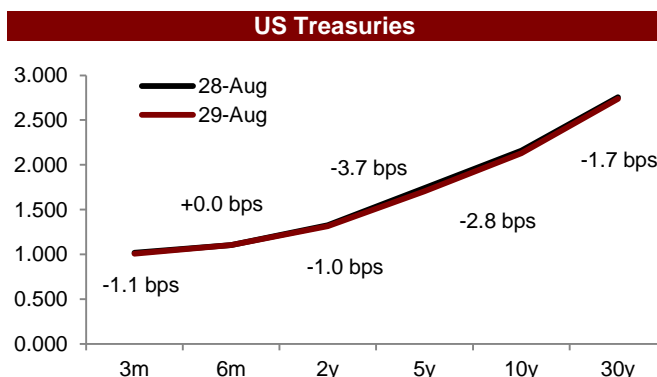
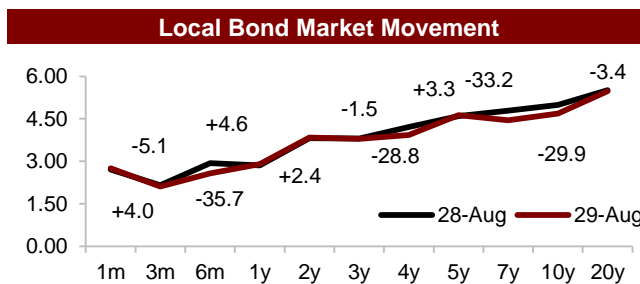
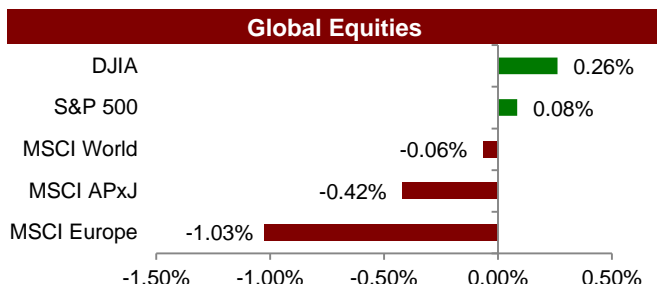
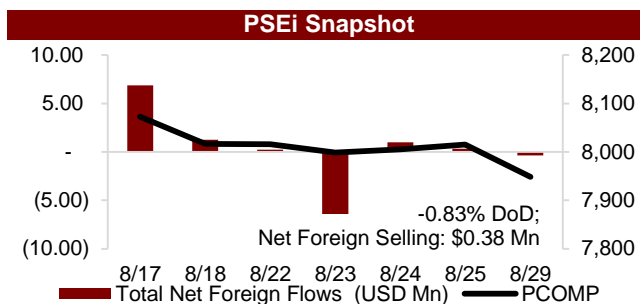


A North Korean missile launch that overflowed Japan prompted a flight to safe-haven assets that saw most equity markets and US Treasury yields end lower. On the other hand, the US dollar improved with solid August consumer confidence data and amid weakness in Asian currencies.

- ✓ The **local equities market** fell as investors retreated in light of the geopolitical risk raised by a North Korean ballistic missile launch, which overflowed Japan before landing in the ocean. The PSEi lost 0.83% to 7,948.39.
- ✓ In the **local fixed income market**, prices of government securities rose as investors repositioned due to geopolitical risk and rising oil prices. Oil demand disruptions in Texas due to Hurricane Harvey may be a key driver of higher yields. Yields lost an average of 10.28 bps, with the belly falling 11.58 bps.

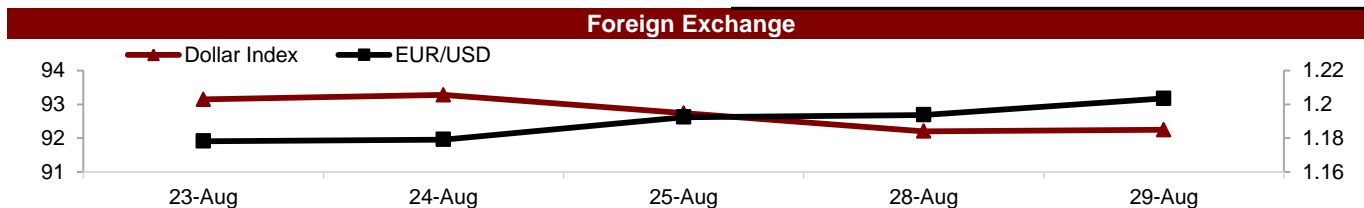


- ✓ **US equities** opened the trading session down but managed to inch up late in the trading session as investor stock appetites recovered. The Dow Jones Industrial Average ended at 21,865.37 (+0.26% DoD) while the S&P 500 was at 2,446.30 (+0.08% DoD).
- ✓ The North Korean missile launch that passed over Japan prompted a sell-off in risk assets, which included **European equities**, during Europe's trading hours. The MSCI Europe closed 1.03% lower DoD to 124.40.
- ✓ **Asian shares** ended in the red with heightening geo-political tensions in light of North Korea's latest move, with analysts saying that this development could jeopardize regional trade relations. The MSCI Asia Pacific ex-Japan lost 0.42% DoD to 528.77.
- ✓ Investors shifted to safe-haven assets, driving yields down in most markets. **Yields of US Treasuries** shed 1.71 bps on average, with yields of 10-year bonds down to 2.1292% (-2.79 bps).

- ✓ The **Philippine peso** depreciated very slightly against the dollar as geopolitical risk pushed investors towards safe haven assets. Furthermore, the Jackson Hole Symposium offered no reprieve for US doves, strengthening FX sentiment. The USD/PHP gained 0.06%, closing at 51.11.
- ✓ The **US dollar** recovered as the Japanese yen retreated on regional tensions. The greenback's recovery comes after the US Consumer Confidence Index rose to 122.9 in August, beating consensus expectations of 120.7. The DXY closed at 92.249 (+0.05% DoD).

Foreign Exchange

USD/PHP	Previous Close	51.080
	Close	51.110
EUR/USD	Previous Close	1.1937
	Indicative Rate	1.2059



Key Indicators

YIELDS AND PRICES	29-Aug-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.11	-0.05%	-0.06%	-0.86%	-0.56%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.91	0.05%	0.06%	-0.12%	0.54%
ROP2021 (Price)	106.47	0.07	0.16	0.05	(1.89)
ROP2034 (Price)	135.38	0.23	0.54	1.33	4.92
3-Month US Treasury Yield	1.01	-0.01%	0.01%	-0.07%	0.84%
3-Month German Treasury Bill Yield	(0.68)	-0.04%	-0.00%	-0.08%	-0.16%
Dubai Crude Oil Spot (\$/bbl)	50.23	-1.06%	0.08%	0.14%	56.33%
Gold Spot (\$/oz)	1,309.27	0.07%	1.88%	3.12%	23.35%

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
9/1/2017	US	Change in Nonfarm Payrolls	August	209K
9/1/2017	Europe	Markit Eurozone Manufacturing PMI	August	57.4
8/31/2017	Japan	Industrial Production MoM / YoY	July	2.2% / 5.5%

Emerging Markets

Date	Country	Event	Period	Prior
9/1/2017	China	Caixin China PMI Mfg	August	51.1
8/31/2017	Indonesia	Money Supply M1 / M2 YoY	July	17.8% / 11.4%
9/1/2017	India	Nikkei India PMI Mfg	August	47.9

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