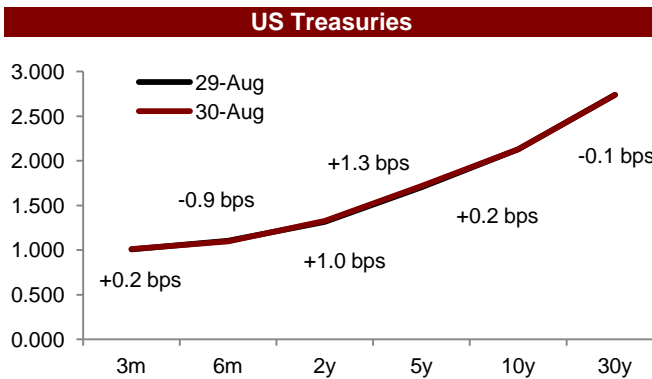
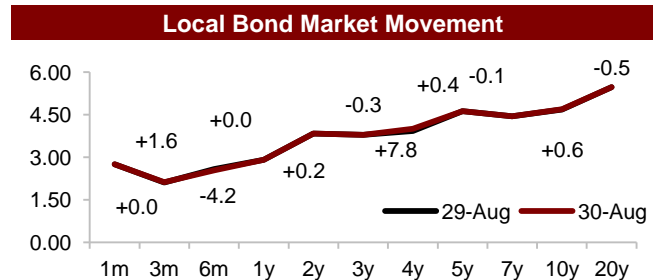
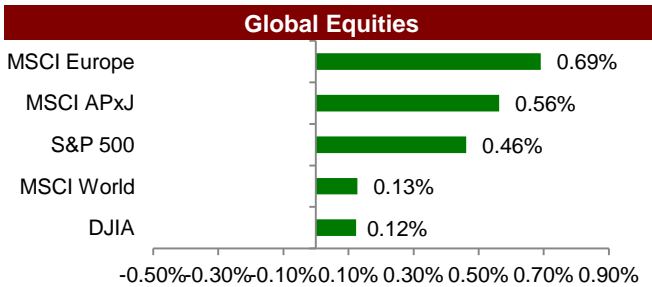
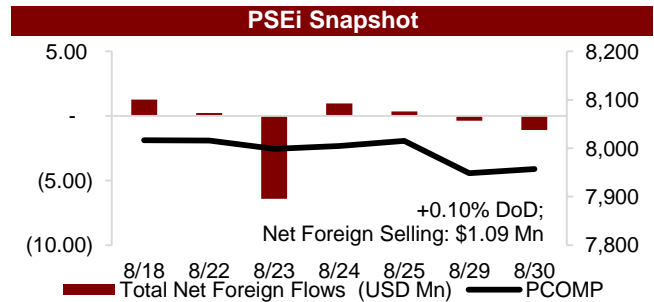


Sentiment recovered from the knee-jerk pessimism on geopolitical environment, and buoyed further by good economic readings. This caused a rebound in equity markets and increase in bond yields.

- ✓ The **local equities market** gained slightly amid a lack of economic catalysts, rebounding as investors shook off fears from the North Korean missile launch that flew over Japan, which induced a sell-off in the previous session. The PSEI gained 0.105% DoD, closing at 7,956.73 pts.
- ✓ The **local fixed income market** traded sideways amid abating geopolitical risk and a lack of economic data releases. Yields rose 0.45 bps on average, with a 0.65-bp dip in the short end of the yield curve offset by a 1.58-bp gain in its belly.

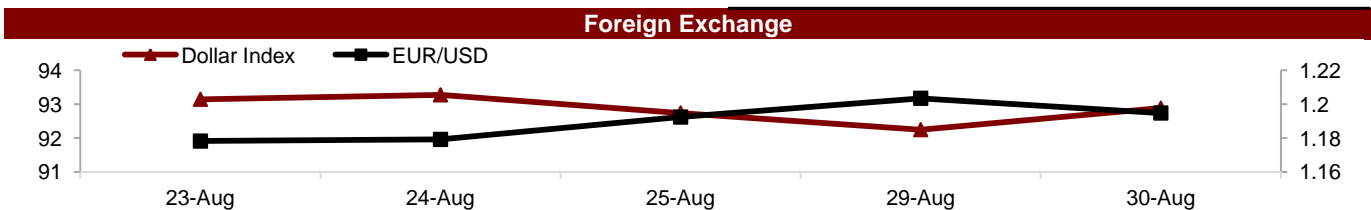


- ✓ The **Philippine peso** traded sideways as the dollar strengthened on the back of better-than-expected consumer confidence data. The USD/PHP edged 0.04% higher DoD to 51.130.
- ✓ The **US dollar** continued its recovery amid strong employment data, and an upward revision in 2Q GDP figures. Per ADP, 237k private non-farm jobs were added in August, ahead of consensus expectations of 185k. The DXY closed at 92.884 (+0.69% DoD).

- ✓ **US equities** rose on the back of better-than-expected GDP print, and as talks on the US tax reform continued. Revised 2Q GDP rose to 3.0% (Bloomberg consensus +2.7%), buoyed by robust consumer spending and a pickup in business investment. The DJIA closed at 21,892.43 (+0.12% DoD) while the S&P 500 was at 2,457.59 (+0.46% DoD).
- ✓ Markets resumed buying of risk assets as lack of escalation of geopolitical tension brought some semblance of calm. In **Europe**, optimism was fanned by the European Commission's economic sentiment index strengthening in August to its highest in 10 years. Germany's and Spain's August inflation numbers also firmed. The MSCI Europe closed at 125.26, up 0.69%.
- ✓ **Asian shares** rebounded from the knee-jerk sell-off with investors largely shrugging off heated comments from the US. The MSCI APxJ gained 0.56% to 531.74.
- ✓ **US Treasury yields** rose as investors focused on positive economic data releases, and as geopolitical tensions started to subside. On average, yields rose 0.29 bps, with 10-year yields rising 0.17 bps to 2.131%.

Foreign Exchange

| | | |
|---------|-----------------|--------|
| USD/PHP | Previous Close | 51.110 |
| | Close | 51.130 |
| EUR/USD | Previous Close | 1.2035 |
| | Indicative Rate | 1.1948 |



Key Indicators

| YIELDS AND PRICES | 30-Aug-17 | DoD | WoW | MoM | YTD |
|---|-----------|--------|--------|--------|--------|
| 91-Day Philippine Treasury Bill Yield (PDST-R2) | 2.13 | 0.02% | -0.04% | -0.84% | -0.54% |
| 1-Year Philippine Treasury Bill Yield (PDST-R2) | 2.91 | 0.00% | 0.04% | -0.12% | 0.54% |
| ROP2021 (Price) | 106.47 | (0.01) | 0.09 | 0.04 | (1.89) |
| ROP2034 (Price) | 135.28 | (0.10) | 0.46 | 1.23 | 4.81 |
| 3-Month US Treasury Yield | 1.01 | 0.00% | 0.02% | -0.07% | 0.85% |
| 3-Month German Treasury Bill Yield | (0.71) | -0.03% | -0.04% | -0.11% | -0.19% |
| Dubai Crude Oil Spot (\$/bbl) | 50.10 | -0.26% | 0.34% | -0.12% | 55.93% |
| Gold Spot (\$/oz) | 1,308.64 | -0.05% | 1.37% | 3.07% | 23.29% |

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