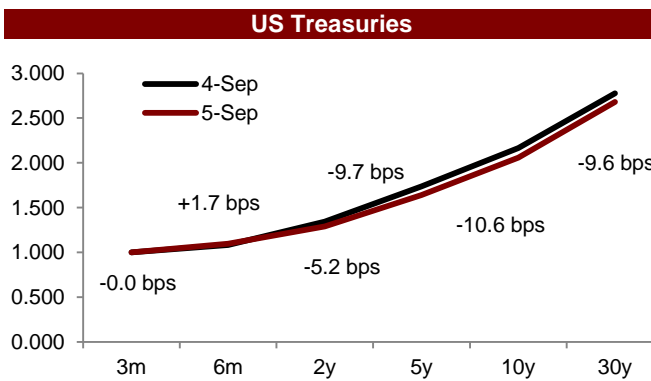
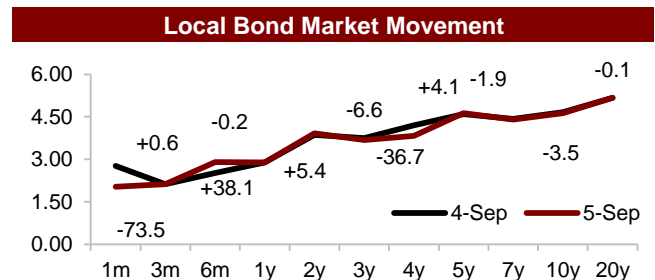
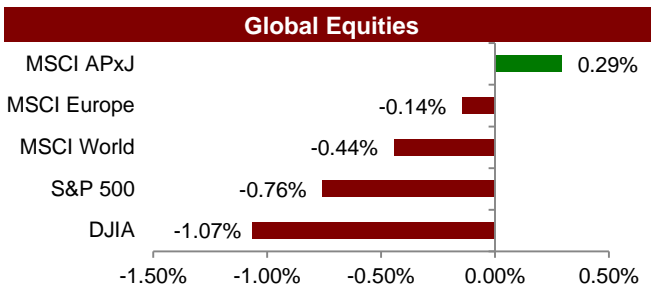
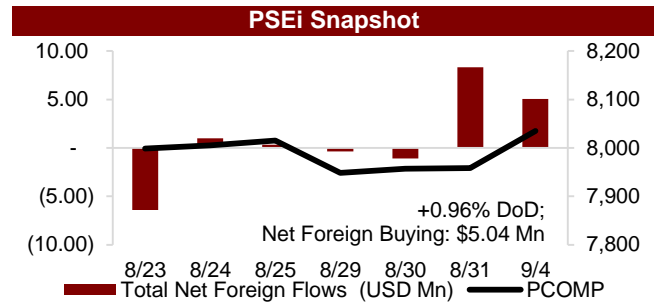


Volatility continued in global financial markets space on the back of persistent geopolitical risks, rising tension amongst major trading partners and uncertainties on the US fiscal position due to debt ceiling and National Budget issues. This resulted in significant gains in US Treasuries.

- ✓ The **local equities** market initially dipped on geopolitical concerns, but closed slightly higher to track regional peers. The PSEi increased by 14.15 points or 0.18%, closing at 8,049.35.
- ✓ In the **local fixed income** market, yields of traded securities broadly fell on a back of successful auction of the re-issued 7-year T-bond. Despite yields of liquid securities falling, the average yield at the curve rose by 1.86 bps.

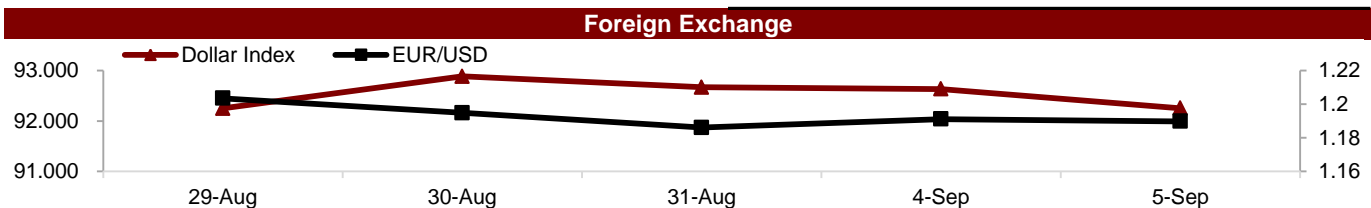


- ✓ **US equities** fell over geopolitical concerns following potential US sanction to North Korea's major trading partners, particularly China and Russia. The DJIA closed at 21,753.31 (-1.07% DoD) while the S&P 500 was at 2,457.85 (-0.76% DoD).
- ✓ **European equities** marginally declined ahead of the ECB meeting on Thursday. Investors are expecting mildly dovish statements from the ECB on weaker-than-expected inflation print. More so, productivity data (August Market Eurozone Services and Composite Index) fell within market expectations. The MSCI Europe closed lower to 126.12, down 0.14%.
- ✓ **Asian shares** slightly recovered after Caixin China PMI Composite Index rose to 52.4, the highest in six months, renewing confidence in the 2nd largest economy and strength of global economic trade. The MSCI APxJ gained 0.29% to 531.40.
- ✓ **US Treasury yields** tumbled on the first trading day after North Korea's H-bomb test. More so, factory orders contracted 3.3% in July, the biggest drop since August 2014. US yields fell 5.58 bps (average) led by the long end. The US 10-yr yield slashed 10.61 bps and closed at 2.0596%.

- ✓ The **Philippine peso** closed flat after August inflation came out broadly in line with market expectations. We also saw marginal peso demand due to small net foreign buying in the local equity market. The USDPHP closed at 51.140 (+0.05%).
- ✓ The **US dollar** fell due to geopolitical risks and potential political gridlock in the White House ahead of the debt ceiling and National Budget deadline. The US Dollar Index closed at 92.252 (-0.41%) while the EURUSD rose to 1.1915 (+0.46%).

Foreign Exchange

USD/PHP	Previous Close	51.170
	Close	51.165
EUR/USD	Previous Close	1.1860
	Indicative Rate	1.1915



Key Indicators

YIELDS AND PRICES	5-Sep-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.13	-0.00%	0.02%	-0.00%	-0.54%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.79	-0.10%	-0.11%	-0.08%	0.42%
ROP2021 (Price)	106.55	0.11	0.08	0.08	(1.81)
ROP2034 (Price)	135.63	0.05	0.24	0.74	5.16
3-Month US Treasury Yield	1.00	-0.00%	-0.01%	-0.07%	0.84%
3-Month German Treasury Bill Yield	(0.69)	0.03%	-0.01%	0.00%	-0.18%
Dubai Crude Oil Spot (\$/bbl)	51.15	0.29%	1.83%	1.77%	59.20%
Gold Spot (\$/oz)	1,339.66	0.55%	2.32%	6.43%	26.21%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
9/12/2017	Exports YoY	Jul	0.8%
9/12/2017	Trade Balance	Jul	-2147m

Developed Markets

Date	Country	Event	Period	Prior
9/6/2017	US	MBA Mortgage Applications	Sep	-2.3%
9/7/2017	Europe	GDP SA QoQ	2Q F	0.6%
9/8/2017	Japan	GDP SA QoQ	2Q F	1.0%

Emerging Markets

Date	Country	Event	Period	Prior
9/8/2017	China	Trade Balance	August	\$46.74b
9/8/2017	Thailand	Foreign Reserves	Sept	\$195bn
9/11/2017	India	Exports YoY	August	3.9%

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