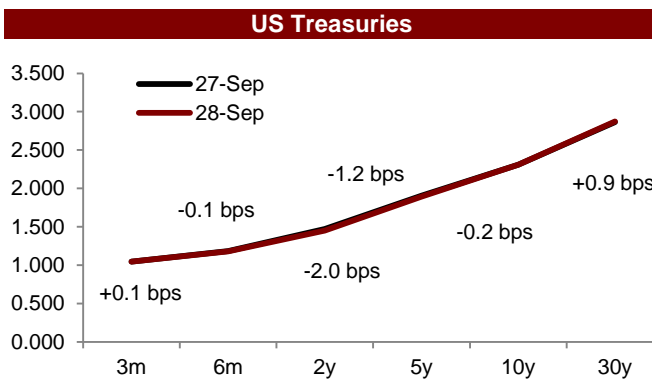
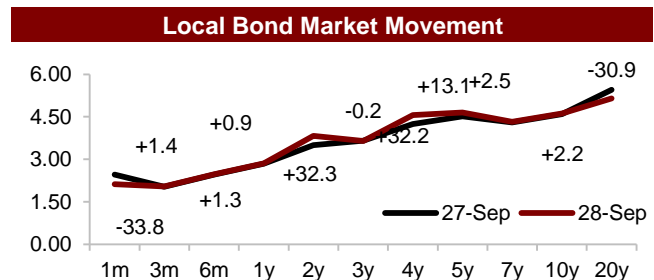
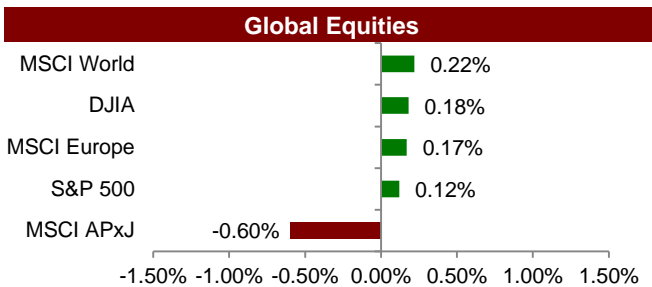
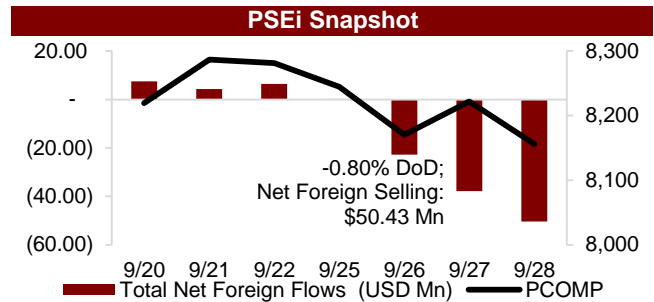


Global equities mostly ended flat as investors digested President Trump's proposal to reduce personal income and corporate taxes. Meanwhile US Treasury yields and the USD declined amid uncertainty on the potential implications of the tax cut to the US fiscal deficit .

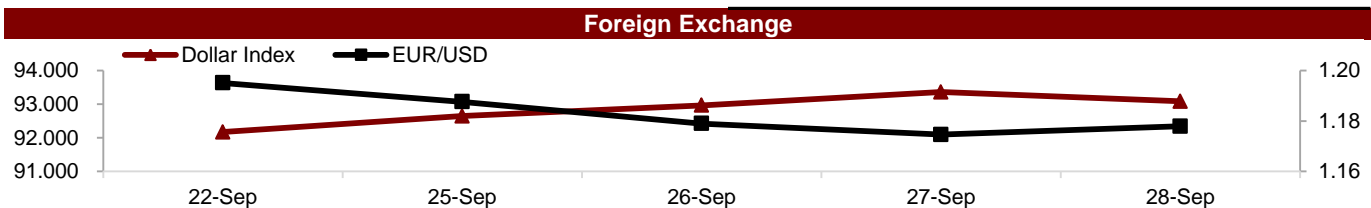
- ✓ The **local equities** market closed below 8,200 as investors continued to take profit from recent highs. The PSEi declined by 65.88 points (-0.80%), closing at 8,156.04.
- ✓ In the **local fixed income market**, yields rose as it mirrored movements in US Treasury yields, after Trump revealed his tax plan proposal for US corporates and individuals. Yields at the belly climbed the most (+16.00bps) today after this portion of the yield curve declined yesterday.



- ✓ **US equities** marginally rose as investors weighed in on the possibility of progress on a tax system overhaul. Optimism was muted as the tax reform may continue to face headwinds and result in a modest reduction of personal and corporate income taxes. The DJIA closed at 22,381.20 (+0.18% DoD) while the S&P 500 was at 2,510.06 (+0.12% DoD).
- ✓ **European stocks** trimmed gains as investors' skepticism surrounding Trump's tax reform surfaced. The MSCI Europe edged higher to 130.41, up by 0.17%.
- ✓ **Asian stocks** fell after Brent and WTI declined 0.85% and 1.11% respectively. Moreover, investors priced in the release of Japan's inflation data on Friday. The MSCI APxJ was down to 529.56 (-0.60%).
- ✓ **US Treasury yields** fell down on average, but the curve steepened, with yields on tenors longer than 10 years rising as Trump's proposed tax reform raised concerns on fiscal deficit. Yields on average lost 0.43 bps, while the US 10-yr yield was down 0.18 bps to close at 2.309%.

- ✓ The **Philippine peso** strengthened despite the huge net foreign outflows in the equities market as last minute selling of the USD moved the Peso back to the 50-level. The PHP closed at 50.98 (+0.08%) against the USD.
- ✓ The **US dollar** edged lower, pulling back from one-month highs as investors pondered over Trump's tax reform proposal. Investors were indifferent to various economic data releases that were largely in line with expectations. The US Dollar Index closed at 93.085 (-0.30%).

Pair	Previous Close	Close
USD/PHP	51.020	50.980
EUR/USD	1.1746	1.1762



Key Indicators

YIELDS AND PRICES	28-Sep-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.05	0.01%	-0.03%	-0.12%	-0.62%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.86	0.01%	-0.04%	-0.00%	0.49%
ROP2021 (Price)	106.05	(0.06)	(0.13)	(0.35)	(2.31)
ROP2034 (Price)	134.34	(0.66)	(1.16)	(0.81)	3.88
3-Month US Treasury Yield	1.05	0.00%	0.02%	0.03%	0.88%
3-Month German Treasury Bill Yield	(0.66)	0.05%	0.01%	-0.02%	-0.15%
Dubai Crude Oil Spot (\$/bbl)	56.74	0.53%	3.81%	11.76%	76.60%
Gold Spot (\$/oz)	1,287.33	0.35%	-0.30%	-1.61%	21.28%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
9/29/2017	Budget Balance PHP	Aug	50.5bn
9/29/2017	Bank Lending YoY	Aug	18.7%

Developed Markets

Date	Country	Event	Period	Prior
9/29/2017	US	Personal Income	Aug	0.4%
9/29/2017	Europe	Markit Eurozone Manufacturing PMI SA	Sep	57.4
10/2/2017	Japan	Tankan Large Manufacturing Index	3Q	17

Emerging Markets

Date	Country	Event	Period	Prior
10/3/2017	India	Nikke India PMI Manufacturing	Sep	51.2
9/29/2017	Thailand	Foreign Reserves	Sep	\$200.1bn
10/2/2017	Taiwan	Nikkei Taiwan PMI Manufacturing	Sept	54.3

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