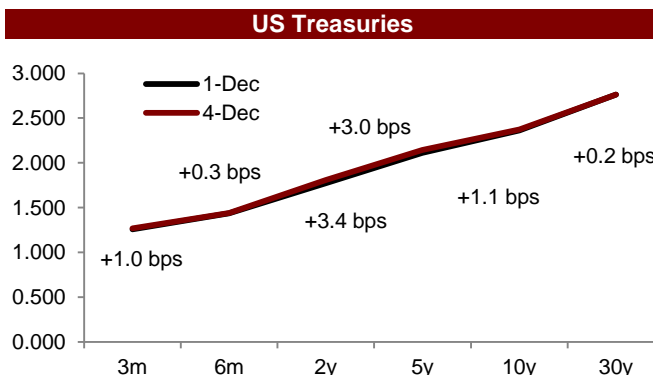
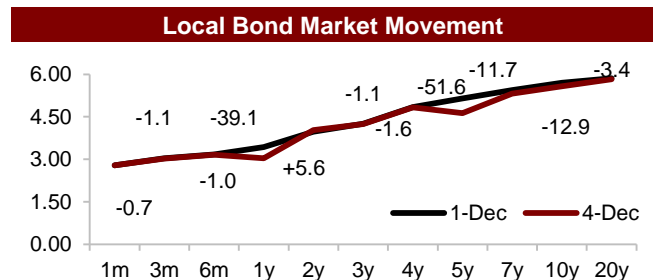
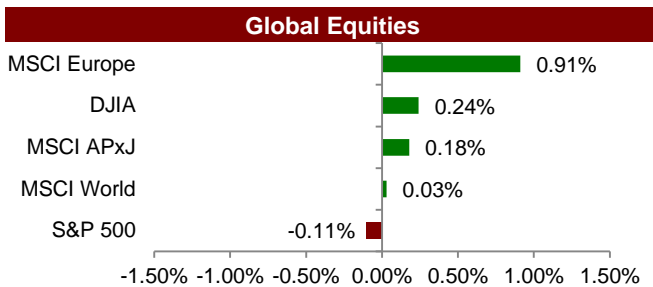
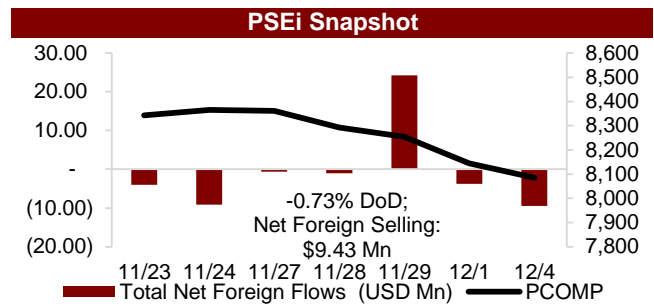


Global equity markets ended slightly higher and the US dollar strengthened after news of the passage of the US tax bill by the US Senate overshadowed political risk from recent developments in the Mueller investigation. The risk-on sentiment engendered by the news also slowed demand for US Treasuries, slightly bolstering yields.

- ✓ **Local equities** continued their downward slide as net foreign selling pushed the index lower after it broke a key support in the prior days. Investors continue to lock in profits on the index decline and as the end of the year approaches. The PSEi dropped to 8,084.45 (-0.73% DoD).
- ✓ Yields in the **Philippine fixed income** markets fell, as investors profitably traded securities to fund the RTB 5-11 offering. The fall in yields was led by the belly of the curve (-12.06 bps). On average, yields declined 10.78 bps.

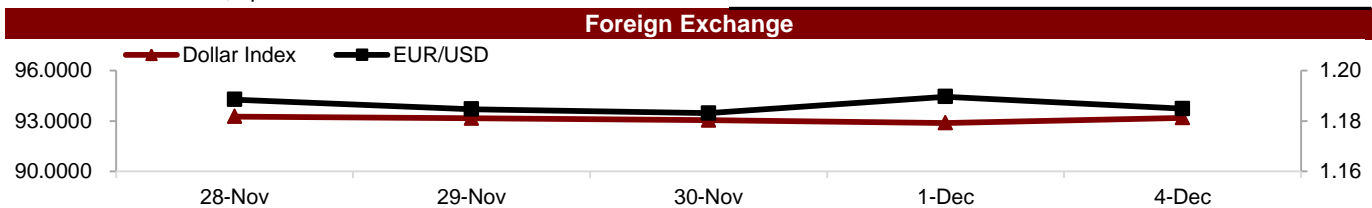


- ✓ **US equities** were mixed following the weekend passage of the Senate version of the tax reform, amid more political uncertainty caused by Michael Flynn's guilty plea. The DJIA closed at 24,290.05 (+0.24% DoD) while the SPX was at 2,639.44 (-0.11% DoD).
- ✓ Major **European equity market** indices rallied strongly, with investors reacting to the US Senate's passage of the tax reform package. The MSCI Europe Index ended at 130.73 (+0.91% DoD).
- ✓ **Asian equities** reversed early losses to end slightly higher, as markets digested the passage of the US tax bill and the latest updates from the investigation into Russian interference in the 2016 US presidential election. The MSCI APxJ Index closed at 553.56 (+0.18% DoD).
- ✓ **US Treasury yields** rose in response to progress on Trump's tax plans. Expectations of economic stimulus caused investors to take on more risk. On average, yields rose 1.5 bps with the 10-year rising 1.08 bps to 2.372%.

- ✓ The **Philippine peso** weakened relative to the dollar as the greenback rose on optimism about the US Senate's passage of the tax reform bill last Saturday. A foreign sell-off of Philippine equities compounded the peso's weakness. The PHP closed at 50.665 to the USD (-0.58% DoD).
- ✓ The **US dollar** strengthened after positive news on the US tax plan, and as factory goods data came in at -0.1%, better than consensus expectation of -0.4%. The DXY closed at 93.188, up 0.33% DoD.

Foreign Exchange

USD/PHP	Previous Close	50.370
	Close	50.665
EUR/USD	Previous Close	1.1896
	Indicative Rate	1.1869



Key Indicators

YIELDS AND PRICES	4-Dec-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	3.03	-0.01%	-0.01%	0.59%	0.36%
1-Year Philippine Treasury Bill Yield (PDST-R2)	3.04	-0.39%	-0.04%	0.00%	0.67%
ROP2021 (Price)	105.11	0.06	0.03	(0.38)	(3.25)
ROP2034 (Price)	133.55	0.03	(0.13)	(0.03)	3.08
3-Month US Treasury Yield	1.27	0.01%	0.03%	0.10%	1.11%
3-Month German Treasury Bill Yield	(0.93)	0.01%	-0.11%	-0.14%	-0.41%
Dubai Crude Oil Spot (\$/bbl)	60.71	0.23%	-1.11%	2.78%	88.95%
Gold Spot (\$/oz)	1,276.11	-0.34%	-1.43%	0.50%	20.23%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
12/5/2017	CPI YoY	Nov	3.5%
12/7/2017	Foreign Reserves	Nov	\$80.6b

Developed Markets

Date	Country	Event	Period	Prior
12/5/2017	US	Trade Balance	Oct	-\$43.5b
12/5/2017	Japan	Nikkei Japan PMI	Nov	53.4
12/5/2017	Germany	Markit Germany Services PMI	Nov	54.9

Emerging Markets

Date	Country	Event	Period	Prior
12/5/2017	India	Nikkei India PMI	Nov	51.3
12/5/2017	China	Caixin China PMI Services	Nov	51.2
12/8/2017	Indonesia	Foreign Reserves	Nov	\$126.55b

Sources: BPI, Reuters, Bloomberg, PSE, CNN, MarketWatch, The Wall Street Journal, CNBC, Business World