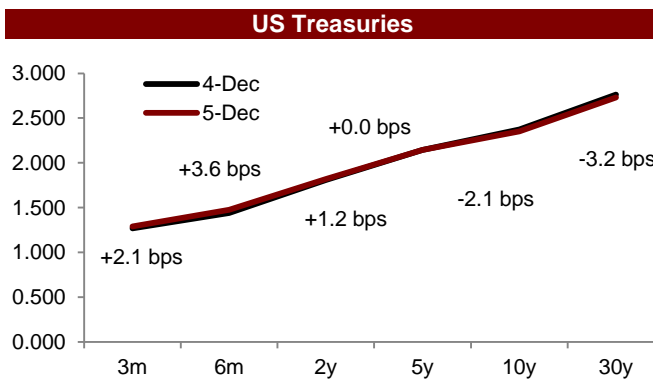
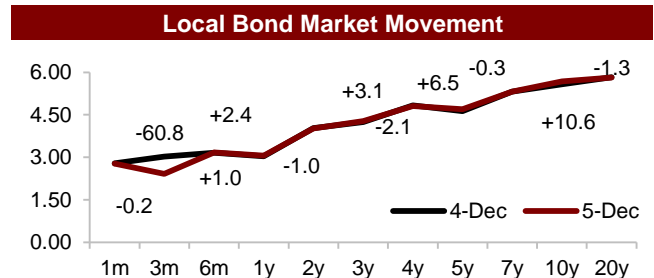
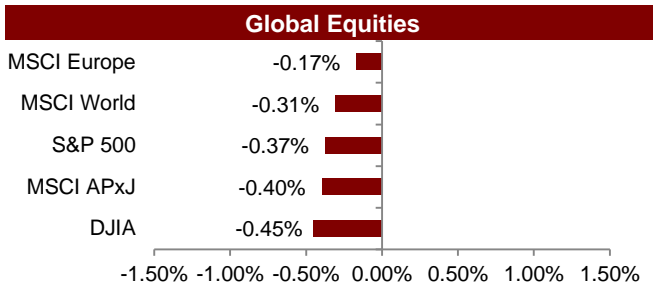
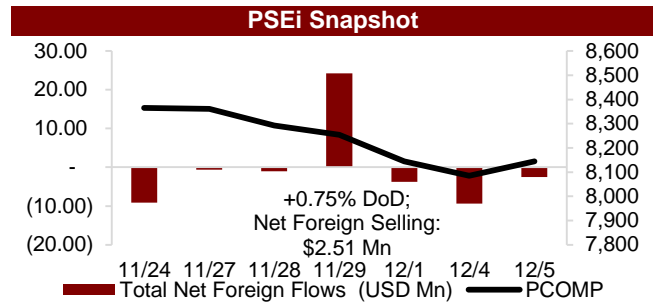


Global stock markets closed lower, with European and Asian stocks driven down by a technology selloff, as investors rotated to sectors that are foreseen to benefit from the US tax reform package. The focus on US tax reform further strengthened the US dollar despite weak US economic data and a widening trade deficit, which were, however, a drag on US equities and prices of US Treasuries.

- ✓ **Local equities** gained after five straight days of losses as investors engaged in bargain-hunting. Property sector stocks led the way, adding 1.62% DoD. The PSEi rose to 8,145.00 (0.75% DoD).
- ✓ Yields in the **Philippine fixed income markets** fell as investors repositioned their portfolios to account for the headline inflation data. The decrease was led by the short end of the curve (-14.41 bps). On average, yields fell by 3.84 bps.

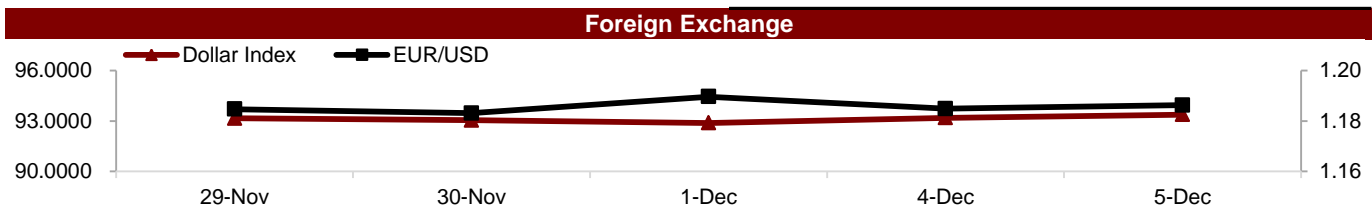


- ✓ **US equities** closed down following weak non-manufacturing data, and news that the US Trade Deficit increased to USD48.7B (consensus USD47.5B). The best performing sector was information technology (+0.46%) while the telecom sector (-1.62%) performed the worst. The DJIA closed at 24,180.64 (-0.45% DoD) while the SPX was at 2,629.57 (-0.37% DoD).
- ✓ **European equity markets** were lower at their close, as news of the US tax cut saw a rotation from the technology sector to the banking, retail, and materials sectors. Concern about the progress of Brexit talks also weighed on markets. The MSCI Europe Index fell to 130.51 (-0.17% DoD).
- ✓ **Asian equities** fell, as the decline in European technology stocks spilled over into the Asian technology sector. The MSCI APxJ Index ended at 551.36 (-0.40% DoD).
- ✓ **US Treasury yields** rose after news broke that the US Trade Deficit widened to its highest level since January. Imports climbed 1.6% during the period while exports remained flat. On average, yields rose 0.26 bps while the 10-year fell 2.14 bps to 2.3509%.

- ✓ The **Philippine peso** reversed its weakness relative to the dollar as political uncertainty rose stateside on the prospect of another US government shutdown. The PHP closed at 50.630 to the USD (0.07% DoD).
- ✓ The **US dollar** extended its winning streak as optimism surrounding the US tax reform continued. The DXY closed at 93.379, up 0.20% day-on-day.

Foreign Exchange

USD/PHP	Previous Close	50.665
	Close	50.630
EUR/USD	Previous Close	1.1849
	Indicative Rate	1.1847



Key Indicators

YIELDS AND PRICES	5-Dec-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.42	-0.61%	0.06%	-0.01%	-0.25%
1-Year Philippine Treasury Bill Yield (PDST-R2)	3.06	0.02%	-0.35%	0.03%	0.69%
ROP2021 (Price)	105.12	0.01	0.04	(0.37)	(3.24)
ROP2034 (Price)	133.61	0.06	(0.16)	0.03	3.15
3-Month US Treasury Yield	1.29	0.02%	0.01%	0.12%	1.13%
3-Month German Treasury Bill Yield	(0.94)	-0.01%	-0.11%	-0.15%	-0.42%
Dubai Crude Oil Spot (\$/bbl)	59.95	-1.25%	-1.30%	1.49%	86.59%
Gold Spot (\$/oz)	1,265.94	-0.80%	-2.17%	-0.30%	19.27%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
12/7/2017	Foreign Reserves	Nov	\$80.6b
12/12/2017	Exports YoY	Oct	4.3%

Developed Markets

Date	Country	Event	Period	Prior
12/6/2017	US	Initial Jobless Claims	Dec	238k
12/6/2017	Germany	Factory Orders MoM	Oct	1.0%
12/8/2017	Japan	GDP SA QoQ	3Q	0.3%

Emerging Markets

Date	Country	Event	Period	Prior
12/6/2017	India	RBI Repurchase Rate	Dec	6.0%
12/7/2017	China	Foreign Reserves	Nov	\$3109.2b
12/8/2017	Indonesia	Foreign Reserves	Nov	\$126.55b

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

www.bpiassetmanagement.com

