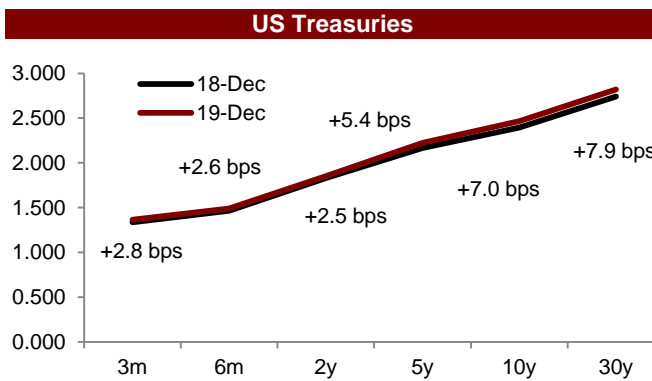
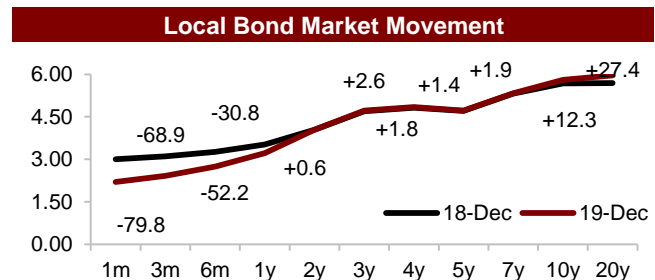
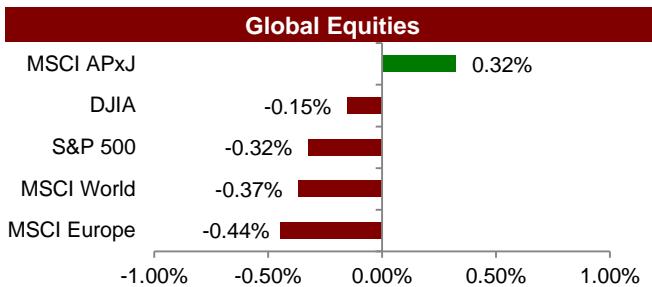
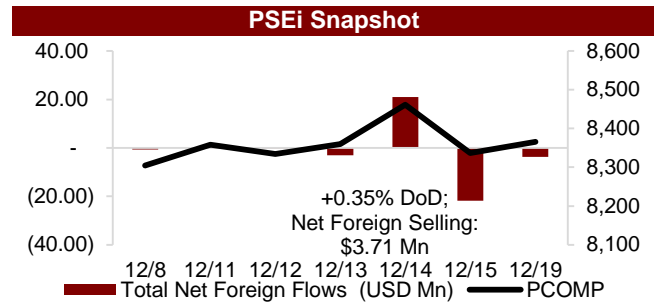


**Global equities ended mixed while US Treasury yields rose amid developments in US tax reforms. Meanwhile, the greenback weakened as investors remain cautious of the potential impact of the US tax bill.**

- ✓ **Local stocks** closed lower on profit-taking after market expectations about the signing of the tax reform bill into law were fulfilled. The decline was led by TEL (-5.84% DoD) after President Duterte signified his desire that a third telecom provider be operational by 1Q18. The PSEi closed at 8,365.96 (-0.68% DoD).
- ✓ In **local fixed income markets**, the yield curve steepened on a day of heavy trading, as liquidity from the selloff in equities was transferred into shorter-tenor securities. Yields fell 16.69 bps on average, with the short end of the curve declining 57.90 bps.

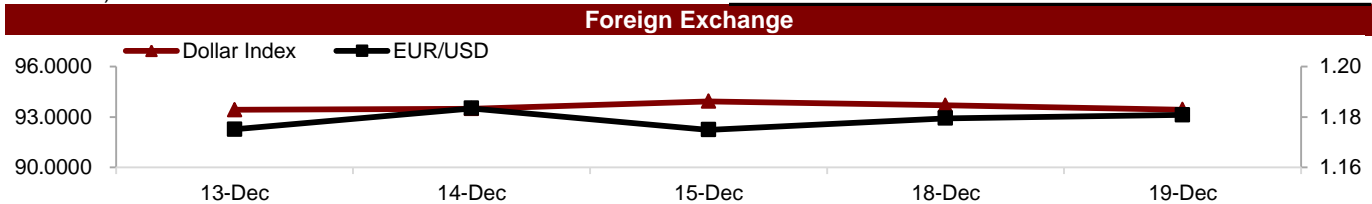


- ✓ **US equities** slipped as investors took profit after sessions of record highs. Investors remain focused on the US tax bill which is expected to deliver significant corporate tax cuts. The DJIA closed at 24,754.75 (-0.15% DoD) while the S&P 500 was at 2,681.47 (-0.32% DoD).
- ✓ **European stocks** ended lower as the disappointing reading on German business sentiment weighed down optimism on the U.S. tax reform. The German Ifo business climate index (a leading indicator for economic activity) dropped to 117.2 in December from 117.6 last month. The MSCI Europe index closed at 132.06 (-0.44% DoD).
- ✓ **Asian stocks** closed mostly higher tracking stateside gains after a record-beating run on Wall Street amid optimism on the likely passage of U.S. tax reforms. The Hang Seng and Shanghai Composite indexes were both up by 0.70% and 0.88% respectively. The MSCI APxJ was also firmer closing at 558.63 (+0.32% DoD).
- ✓ **US Treasuries** lost ground as the Republican tax bill heads to the Senate. Data on Housing starts also pushed yields higher after reports showed a 3.3% rise in November (consensus: -3.1%). On average, yields rose 4.71 bps with the 10-year rising 7.02 bps to 2.4644%.

- ✓ The **Philippine peso** strengthened as President Duterte signed the tax reform bill, and the USD weakened as investor confusion over the Fed's new economic forecasts persisted. The USD/PHP lost 0.18% DoD, closing at 50.390.
- ✓ The **US dollar** weakened amid the House of Representatives' passage of the Republican tax bill. Market players remain wary and continue to assess the impact of the bill on the greenback. The DXY closed 93.441 (-0.27% DoD).

**Foreign Exchange**

USD/PHP	Previous Close	50.480
	Close	50.390
EUR/USD	Previous Close	1.1795
	Indicative Rate	1.1815



## Key Indicators

YIELDS AND PRICES	19-Dec-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.41	-0.69%	-0.04%	0.19%	-0.25%
1-Year Philippine Treasury Bill Yield (PDST-R2)	3.22	-0.31%	-0.06%	0.22%	0.85%
ROP2021 (Price)	105.00	(0.00)	0.05	(0.00)	(3.36)
ROP2034 (Price)	133.88	0.03	0.31	0.67	3.41
3-Month US Treasury Yield	1.37	0.03%	0.04%	0.11%	1.20%
3-Month German Treasury Bill Yield	(0.86)	0.05%	0.12%	-0.04%	-0.34%
Dubai Crude Oil Spot (\$/bbl)	61.04	-0.41%	-1.90%	2.99%	89.98%
Gold Spot (\$/oz)	1,261.75	-0.05%	1.38%	-2.51%	18.87%

## Upcoming Economic Releases

### Philippines

Date	Event	Period	Prior
12/22/2017	Budget Balance PHP	Nov	-21.8b
12/29/2017	Bank Lending YoY	Nov	18.0%

### Developed Markets

Date	Country	Event	Period	Prior
12/21/2017	US	Initial Jobless Claims	Dec	225k
12/20/2017	Germany	PPI MoM	Nov	0.0
12/26/2017	Japan	Jobless Rate	Nov	2.8%

### Emerging Markets

Date	Country	Event	Period	Prior
12/20/2017	Malaysia	CPI YoY	Nov	3.7%
12/20/2017	Thailand	BoT Benchmark Interest Rate	Dec	1.5%
12/31/2017	China	Manufacturing PMI	Dec	51.8

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

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