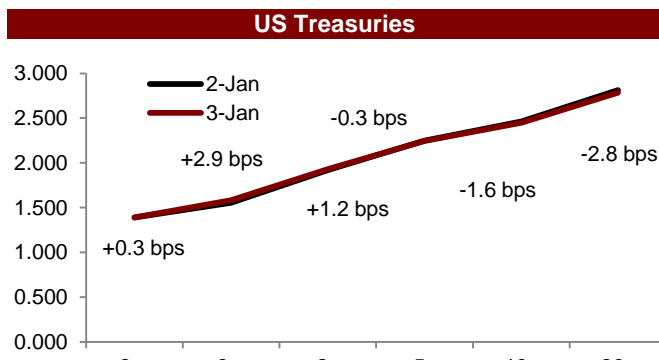
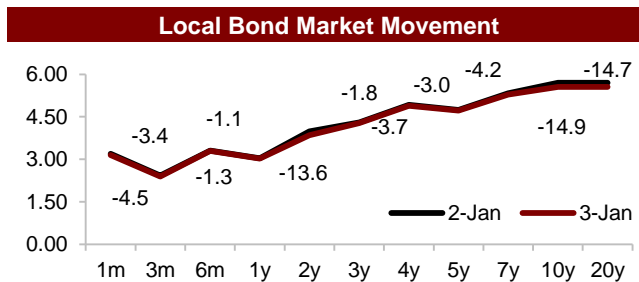
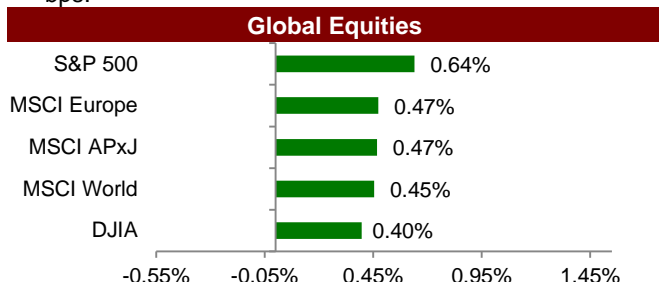
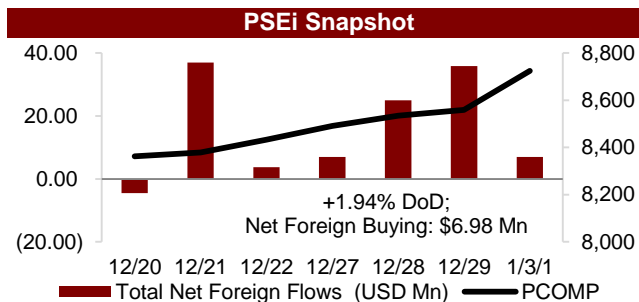


Global equities ended broadly higher on the back of rising oil prices and falling unemployment rate in Germany. The US Dollar advanced after the release of upbeat US economic data. Meanwhile, US Treasuries were relatively unchanged on average as the tightening of the monetary policy was already priced-in.

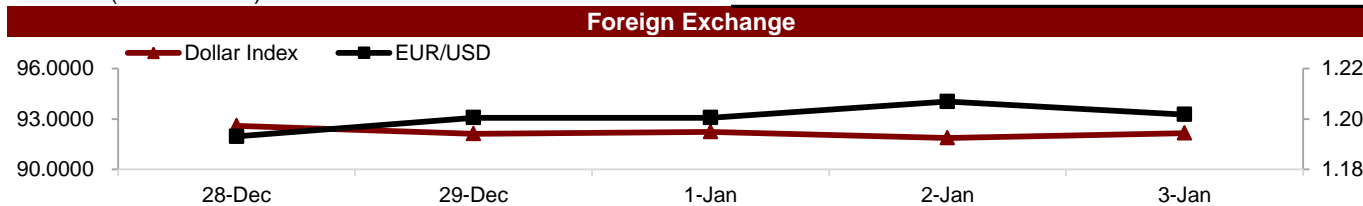
- ✓ The **PSEi** started the year with record highs, mirroring the rally of overnight equity markets. All sectors ended in the green, as value turnover reverted back to normal levels, supported by strong foreign-buying. The PSEi surged to 8,724.13 (+1.94% DoD).
- ✓ **Local fixed income yields** broadly declined as investors took positions at the start of the year, ahead of the December CPI print to be released on Jan 4 (Thurs). The long end of the curve went up by 9.84 bps while the belly rose by 5.27 bps. On average, yields increased by 6.02 bps.



- ✓ **US equities** continued to rise as minutes from the Fed's last meeting showed officials maintaining their stance towards gradual interest rate hikes, as corporate tax cuts may lend support to persistently low US inflation. The DJIA gained 0.40% to 24,922.68, while the S&P 500 edged up by 0.64% to 2,713.06.
- ✓ **European stocks** edged higher as Germany's unemployment rate declined to a record low. The unemployment rate closed at 5.5% in December, falling by 29,000 from last month. The MSCI Europe closed at 131.72 (+0.47% DoD).
- ✓ **Asian stocks** continued their positive trajectory for the year mirroring the rise in oil prices, as West Texas Intermediate (WTI) advanced to \$62 a barrel, its first time in the past 3 years. The MSCI Asia ex-Japan closed at 579.98 (+0.47% DoD).
- ✓ **US Treasuries yields** were slightly down following the release of the Fed meeting minutes on Wednesday, as the Fed officials' stance towards gradual policy tightening was marginally more hawkish than market participants' expectations. On average, yields fell 0.06 bps, with 10Y yields down by 1.6 bps.

- ✓ The **Philippine peso** further strengthened against the greenback, driven largely by strong foreign inflows. The USD/PHP fell by 0.24% to 49.81.
- ✓ The **US Dollar** surged after data on November construction and December manufacturing beat expectations - construction spending rose 0.8% MoM vs. 0.5% expected, manufacturing index 59.7 vs. expected 58.2. The Fed meeting minutes did little support as the gradual increase in rates have been priced-in by the market. The DXY rose to 92.162 (+0.32% DoD).

Pair	Previous Close	Close
PHP/USD	49.930	49.810
EUR/USD	1.2069	1.2039



Key Indicators

YIELDS AND PRICES	3-Jan-18	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.40	-0.03%	-0.02%	-0.64%	-0.27%
1-Year Philippine Treasury Bill Yield (PDST-R2)	3.02	-0.01%	-0.08%	-0.41%	0.65%
ROP2021 (Price)	104.77	(0.08)	(0.14)	(0.28)	(3.59)
ROP2034 (Price)	134.10	0.18	0.29	0.58	3.63
3-Month US Treasury Yield	1.39	0.00%	-0.04%	0.13%	1.23%
3-Month German Treasury Bill Yield	(0.74)	0.07%	0.06%	0.20%	-0.22%
Dubai Crude Oil Spot (\$/bbl)	64.05	-0.11%	0.61%	5.75%	99.35%
Gold Spot (\$/oz)	1,313.20	-0.33%	2.01%	2.55%	23.72%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
1/4/2018	CPI YoY	Dec	3.3%
1/19/2018	Budget Balance PHP	Dec	-8.6b

Developed Markets

Date	Country	Event	Period	Prior
1/4/2017	EU	Markit Eurozone Composite PMI	Dec	58.0
1/5/2018	Japan	Nikkei Japan PMI Composite	Dec	52.2
1/5/2018	US	Unemployment Rate	Dec	4.1%

Emerging Markets

Date	Country	Event	Period	Prior
1/5/2018	Malaysia	Exports YoY	Nov	18.9%
1/5/2018	Thailand	Foreign Reserves	29-Dec	\$202.8b
1/10/2018	China	CPI YoY	Dec	1.9%

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

www.bpiassetmanagement.com



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