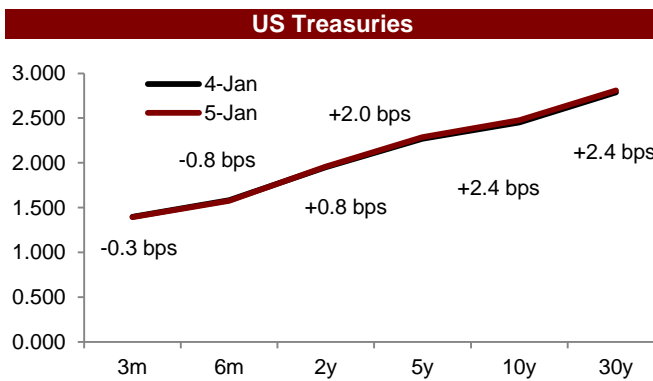
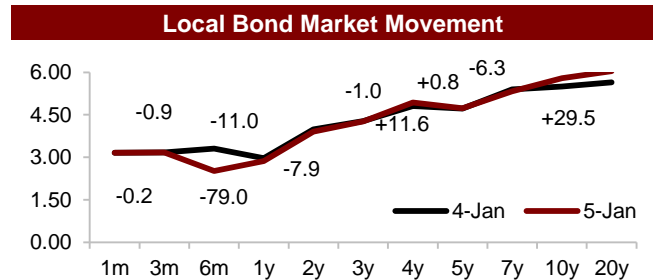
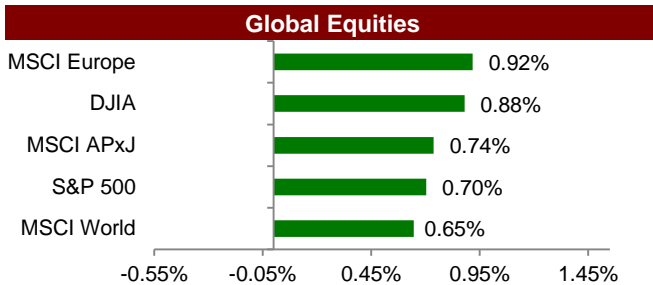
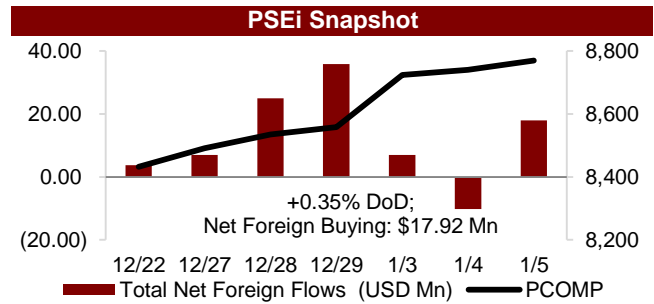


Global equity indices rose as weaker-than-expected economic data in the US and Europe was overpowered by investor optimism in the regional economy, ahead of corporate earnings releases. Meanwhile, US Treasury yields rose and the US Dollar strengthened despite the lower-than-expected increases in US nonfarm payrolls.

- ✓ The **local equities index** continued to advance, tracking its Asian counterparts. The index closed at an all time high and has been up the past 7 trading days. Global equities were upbeat due to strong economic data from China and the US. The PSEI ended at 8,770.00 (+0.35% DoD).
- ✓ **Local fixed income yields** fell, led by the short end after inflation came in within market expectation. The local central bank's tone remained neutral after BSP Governor Espenilla said that inflation will remain manageable in 2018. Yields fell by an average of 2.27 bps after the 22.78-bps drop in short term yields

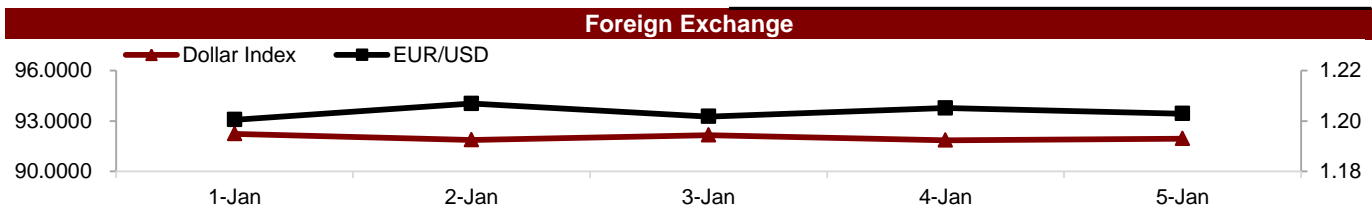


- ✓ **US equities** ended the week in record territory, continuing its fourth straight day of gains as market participants look ahead into corporate earnings releases this week, with the Street expecting growth of roughly 10%. The DJIA gained 0.88% to 25,295.87, while the S&P 500 edged up by 0.70% to 2,743.15.
- ✓ **European stocks** continued to surge, propelled by optimism about the regional economy, as they mirrored the rally in global equities that sent US benchmarks to record highs. The MSCI Europe closed at 134.13 (+0.92% DoD).
- ✓ **Asian stocks** edged higher, tracking the gains of the US DJIA as it set another record high and finished above 25,000. An agreement by North and South Korea to hold a high-level meeting after more than two years also lifted sentiment. The MSCI APxJ ended at 587.28 (+0.74% DoD).
- ✓ **US Treasury yields** rose despite lower-than-expected December payroll gains in the US (Act.: 148k, Cons: 190k) as average hourly earnings, an indicator for inflationary pressures, came within expectations rising at 0.3%. On average, yields rose 1.10 bps with the 10-yr rising 2.38 bps to 2.4763%.

- ✓ The **Philippine Peso** remained relatively flat as inflation came in within market's expectations. The USD/PHP pair rose to 49.865--an effective 0.09% depreciation of the local currency.
- ✓ The **US dollar** rose despite a disappointing jobs print. Most investors shrugged off the event as they looked at the bigger picture, that the past few months have been marked by robust non-farm payrolls and low unemployment levels. The DXY closed at 91.95 (+0.10% DoD).

Foreign Exchange

PHP/USD	Previous Close	49.820
	Close	49.865
EUR/USD	Previous Close	1.2051
	Indicative Rate	1.2056



Key Indicators

YIELDS AND PRICES	5-Jan-18	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	3.17	-0.01%	0.74%	0.75%	0.50%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.86	-0.11%	-0.17%	-0.20%	0.49%
ROP2021 (Price)	104.78	(0.01)	(0.11)	(0.34)	(3.58)
ROP2034 (Price)	134.72	0.51	0.78	1.11	4.25
3-Month US Treasury Yield	1.39	-0.00%	0.02%	0.10%	1.23%
3-Month German Treasury Bill Yield	(0.58)	0.06%	0.11%	0.36%	-0.06%
Dubai Crude Oil Spot (\$/bbl)	64.79	-0.72%	1.60%	8.07%	101.65%
Gold Spot (\$/oz)	1,319.35	-0.26%	1.25%	4.22%	24.30%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
1/15/2018	Overseas Remittances YoY	Nov	8.40%
1/19/2018	Budget Balance PHP	Dec	-8.6b

Developed Markets

Date	Country	Event	Period	Prior
1/8/2017	EU	Consumer Confidence	Dec	0.5
1/10/2018	US	MBA Mortgage Applications	5-Jan	0.7%
1/12/2018	Japan	BOP Current Account Balance	Nov	¥2,176.4 bn

Emerging Markets

Date	Country	Event	Period	Prior
1/10/2018	China	CPI YoY	Dec	1.9%
1/11/2018	Malaysia	Industrial Production YoY	Nov	3.4%
1/12/2018	Thailand	Foreign Reserves	5-Jan	\$202.6b

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

www.bpiassetmanagement.com



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