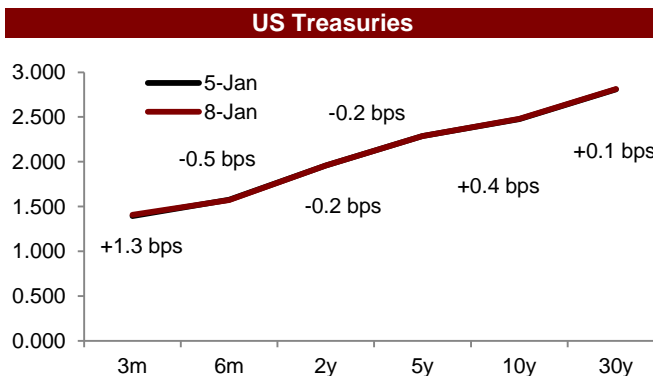
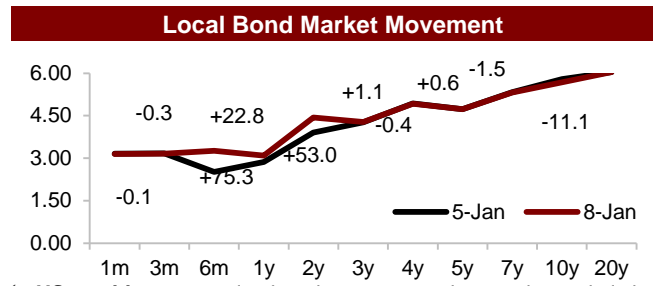
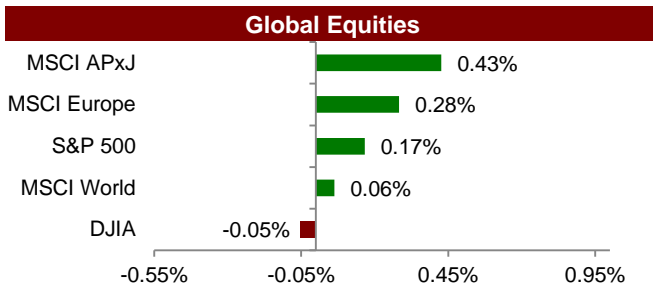
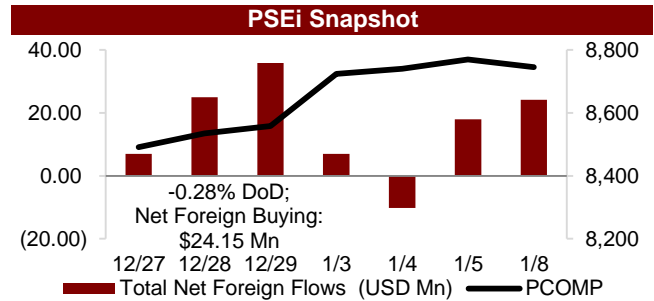


Most global equity indices continued to rally as investors remained optimistic on US and Asian corporate earnings, and as the political landscape in Germany improved. Meanwhile, US Treasury yields and the greenback rose ahead of multi-tenored treasury auctions and the release of the US inflation print later this week.

- ✓ **Local equities** pared gains as investors started taking profit following consecutive days of record highs, with the property sector declining as as 1.35%. The PSEi closed at 8,745.12 (-0.28% DoD).
- ✓ **Local fixed income yields** rose, led by the short-end of the curve as investors reposition ahead of the Bureau of Treasury's PHP 20-Bn 10-year auction tomorrow. Yields rose by 12.75bps on average, with the average short up by 24.42bps.

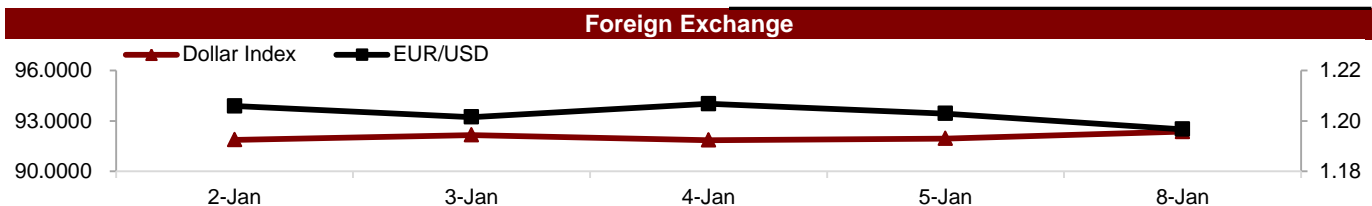


- ✓ The **Philippine Peso** weakened, in line with most Asian currencies, owing to the correction of the US Dollar following the 3-day sell-off of the greenback. Market players looked past the softer-than-expected increase in non-farm payrolls. The USD/PHP rose by 0.57% to 50.15.
- ✓ The **US dollar** mildly strengthened as investors anticipate the release of the December CPI print on Friday. Consensus is pointing at 2.1% YoY, above the 1.7% - 2% target range of the Fed. The DXY closed at 92.358 (+0.44% DoD).

- ✓ **US equities** were mixed as investors continue to be optimistic of corporate tax cuts, and position themselves ahead of the release of the corporate earnings later this week. The S&P 500 closed at 2,747.71 (+0.17% DoD) while the DJIA ended at 25,283.00 (-0.05% DoD).
- ✓ **European stocks** continued to rally after German Chancellor Merkel initiated talks with the Christian Social Union (CSU) in hopes of forming a coalition. The MSCI Europe closed at 134.51 (+0.28% DoD).
- ✓ **Asian equities** retained its momentum, led by technology shares, as market players await the earnings estimate of JP Morgan and Wells Fargo & Co. The MSCI APxJ closed at 589.78 (+0.43% DoD).
- ✓ **US Treasury yields** rose marginally as investors braced for multi-tenored Treasury auctions this week, including 3-year notes (Wednesday), 10-year (Wednesday), and 30-year (Thursday). On average, yields rose 0.14 bps with the 10-yr rising 0.37 bps to 2.4800%.

Foreign Exchange

PHP/USD	Previous Close	49.865
	Close	50.150
EUR/USD	Previous Close	1.2029
	Indicative Rate	1.1989



Key Indicators

YIELDS AND PRICES	8-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
1/9/2017	EU	Unemployment Rate	Nov	8.8%
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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