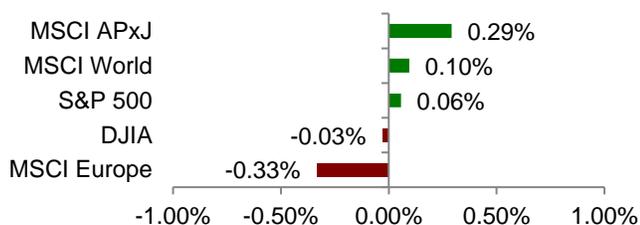


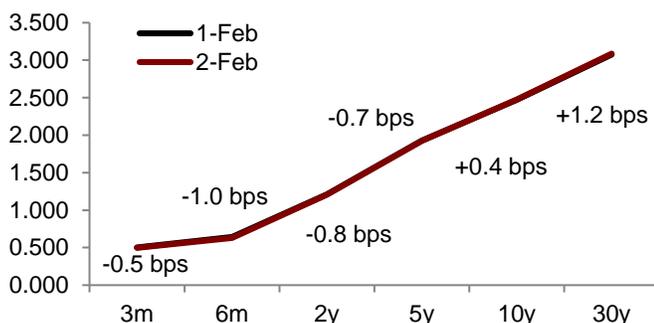
Investors revert to a cautious stance after Trump threatened long standing foreign relations of the US. On the local front, both the equities and the fixed income markets ended flat as the Fed expectedly kept rates on hold.

- ✓ The **local equities index** fell 1.54 points to end at 7,225.91 as the FED, in its recently concluded FOMC meeting, reiterated its intention to hike interest rates as the labor market tightens.
- ✓ The **local fixed income market** was flat with a slight downward bias as investors digested the FOMC's hawkish statements. Yields in the short-end of the curve rose by 17.3 bps while the curve rose by an average of 1.17 bps.

Global Equities

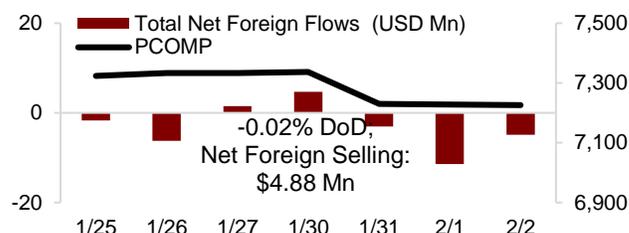


US Treasuries

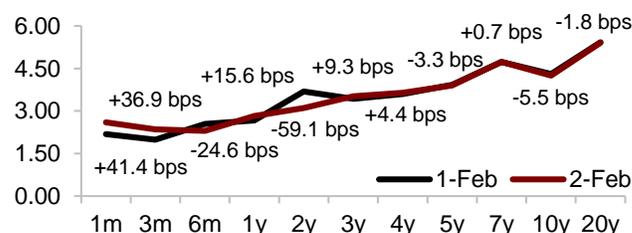


- ✓ The **Philippine peso** strengthened by 0.13% to close at 49.76, decoupling from the weakness in the local fixed income markets.
- ✓ The **US dollar** traded sideways with an upward bias as Trump's rhetoric against trade relations continued to worry the markets. The DXY index rose 0.15% to 99.79.

PSEi Snapshot



Local Bond Market Movement

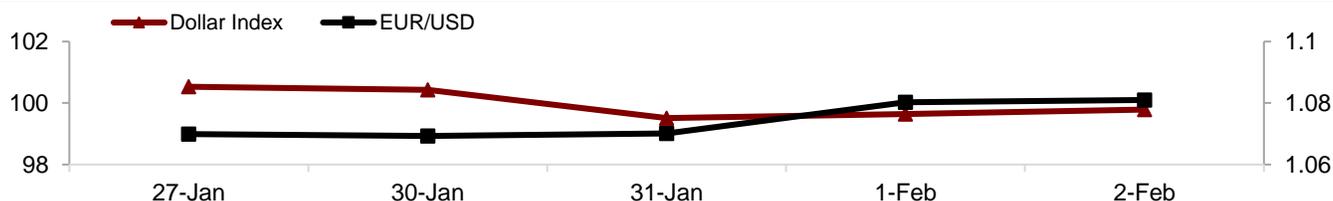


- ✓ **US equities** closed slightly lower as investors worried over Trump's approach on foreign affairs. Trump's latest statements against key allies and trade partners have forced investors to remain cautious and focus on politics rather than fundamentals.
- ✓ Disappointing Q4 updates from Deutsche Bank and Novo Nordisk weighed down **European equities** to close lower after yesterday's gains.
- ✓ Investors opted for gold and yen rather than stocks as **Asian equities** ended mixed due to resurfaced concerns over the Trump administration.
- ✓ **US Treasuries** gained after the Bank of England signalled that it will not tighten soon even if inflation targets get hit. The two-year note yield lost 0.79 bps to 1.2046% while the 10-year bond yield rose 0.38 bps to 2.4737%.

Foreign Exchange

Pair	Previous Close	Close
USD/PHP	49.82	49.77
EUR/USD	1.0693	1.0714

Foreign Exchange



Key Indicators

YIELDS AND PRICES	2-Feb-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.36	0.37%	0.57%	0.28%	-0.31%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.82	0.16%	0.17%	0.37%	0.45%
ROP2021 (Price)	106.22	0.05	0.23	(0.09)	(2.14)
ROP2034 (Price)	132.29	0.12	0.72	2.39	1.82
3-Month US Treasury Yield	0.50	-0.01%	0.00%	0.00%	0.33%
3-Month German Treasury Bill Yield	(0.84)	0.00%	0.00%	0.14%	-0.30%
Dubai Crude Oil Spot (\$/bbl)	54.88	3.02%	2.54%	1.65%	70.81%
Gold Spot (\$/oz)	1,215.75	0.49%	2.29%	5.52%	14.54%

Upcoming Economic Releases

Philippines

Date	Event	Period
2/6/2017	CPI YoY	Jan
2/9/2017	BSP Meeting	Jan

Developed Markets

Date	Country	Event	Period	Prior
2/3/2017	US	Nonfarm Payrolls	Jan	156K
2/7/2017	US	US Trade Balance	Dec	-US\$45.2 bn
2/2/2017	EU	CPI YoY	Jan	-0.25%

Emerging Markets

Date	Country	Event	Period	Prior
2/6/2017	China	Caixin China Composite PMI	Jan	53.5
2/6/2017	China	Foreign Reserves	Jan	US\$3,010.5 bn

Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones, The Wall Street Journal, CNBC

www.bpiassetmanagement.com

