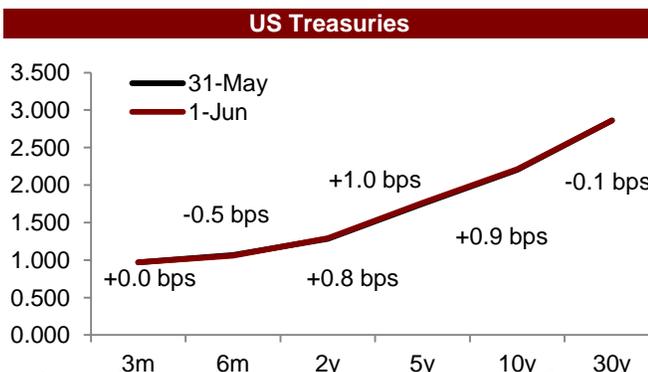
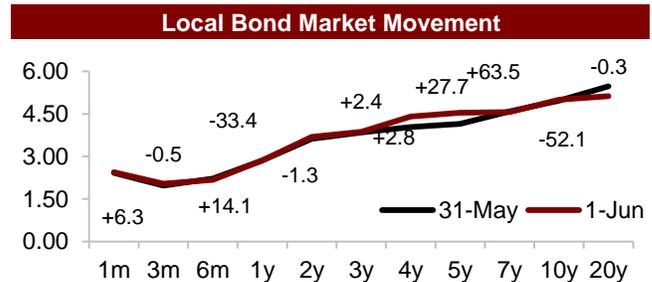
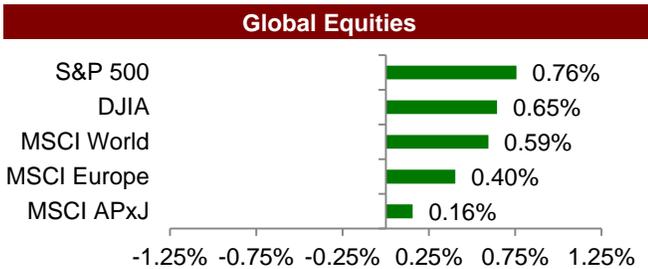
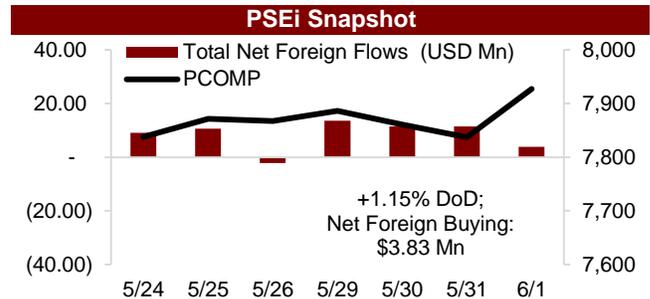


Global equities again trended higher after stronger-than-expected manufacturing and labor data releases from the US, boosting most bourses higher. Following the language from the Fed and the reassuring economic data releases, investors are starting to price-in an interest rate hike in June. US treasury yields rose marginally ahead of the highly anticipated non-farm jobs report on Friday.

- ✓ The **local equities index** rose on heavy volume due to the House of Representative's approval of the first package of the tax reform bill yesterday, after the markets closed. Net foreign inflows for the day amounted to \$3.8mn, the fourth consecutive positive inflow. The PSEi leapt by 1.15%, closing at 7,927.49.
- ✓ Yields of **fixed income securities** rose on average (4.50 bps), due to risk-on sentiment, stemming from increased confidence in the Philippines following Congress' approval of the tax reform. Focus shifted from the belly, where yields rose 16.35 bps, to the long end, where yields fell 10.40 bps, as investors took a longer view.

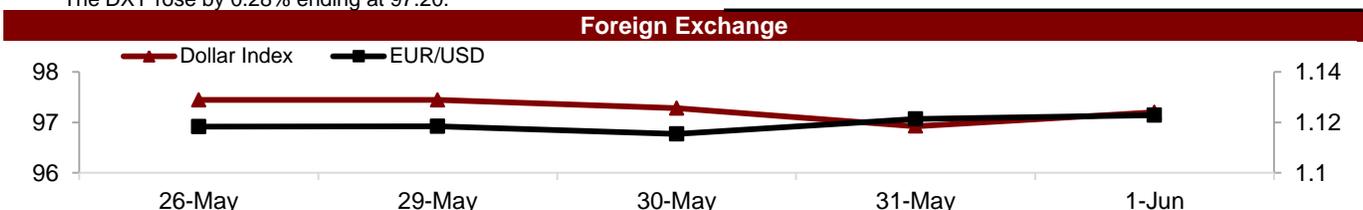


- ✓ **US equities** edged to record highs on the back of a solid private sector jobs report and robust manufacturing data. Private payrolls rose to 253,000, significantly above consensus estimates of 180,000. Expectations remain high ahead of the highly anticipated non-farm jobs report on Friday. The DJIA and the S&P 500 gained 0.65% to 21,144.18 and 0.76% to 2,430.06, respectively.
- ✓ **European shares** rose, buoyed by the automotive sector. Additionally, the weakening of the British pound boosted sentiment to exporters--benefitting the whole market. The MSCI Europe added 0.40% closing at 132.15.
- ✓ **Asian stocks** ended marginally higher despite the decline in Chinese shares amid disappointing Caixin manufacturing PMI. The MSCI APxJ rose by 0.16% to 498.60.
- ✓ **US Treasury yields** ended mixed as investors took a risk-on sentiment amid optimism for the non-farm payroll jobs report on Friday. On average, yields marginally increased 0.34 bps, while the 10-year ended at 2.211%.

Foreign Exchange

USD/PHP	Previous Close	49.765
	Close	49.750
EUR/USD	Previous Close	1.1213
	Indicative Rate	1.1230

- ✓ The **Philippine peso** slightly strengthened amid Congress approval of the tax reform, and a report by Moody's that the economic outlook of the Philippines will not be materially affected by recent developments in Mindanao. Philippine economic growth is expected to be 6.5% year-on-year. The PHP strengthened against the USD by 0.03% to 49.75.
- ✓ The **US dollar** strengthened as economic data released showed a strong manufacturing sector in the US. This helped renew confidence in global deflation and solidified expectations on the upcoming interest rate hike by the Fed. The DXY rose by 0.28% ending at 97.20.



Key Indicators

YIELDS AND PRICES	1-Jun-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.03	0.06%	0.08%	-0.09%	-0.63%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.86	0.01%	0.00%	-0.09%	0.49%
ROP2021 (Price)	106.48	(0.06)	0.05	(0.06)	(1.88)
ROP2034 (Price)	133.65	0.24	0.43	0.26	3.19
3-Month US Treasury Yield	0.97	0.00%	0.05%	0.17%	0.81%
3-Month German Treasury Bill Yield	(0.84)	0.00%	0.02%	0.02%	-0.30%
Dubai Crude Oil Spot (\$/bbl)	49.72	0.49%	-4.82%	-0.94%	54.75%
Gold Spot (\$/oz)	1,265.95	-0.24%	0.82%	0.74%	19.27%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
6/7/2017	Foregin Reserves	May	\$81.8bn
6/6/2017	CPI YoY	May	3.40%

Developed Markets

Date	Country	Event	Period	Prior
6/2/2017	US	Change in Non-farm Payrolls	May	211k
6/5/2017	Japan	Nikkei Japan PMI Services	May	52.2
6/6/2017	EU	Markit Eurozone Services PMI	May	56.2

Emerging Markets

Date	Country	Event	Period	Prior
6/5/2017	China	Caixin China PMI Composite	May	51.2
6/5/2017	India	Nikkei India PMI Composite	May	51.3
6/2/2017	Indo	CPI YoY	May	4.17%

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