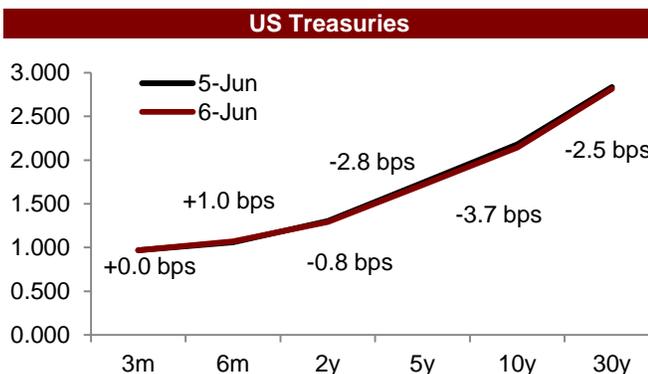
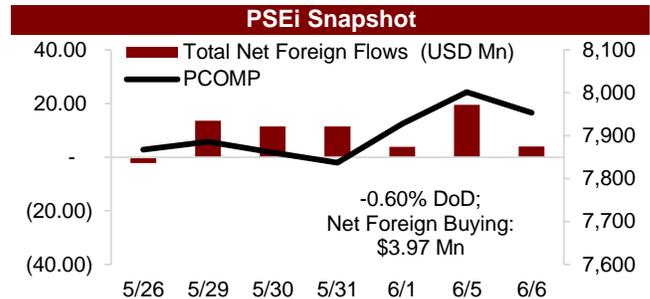


Global equities trended down again on the back of rising political risk in the US (Comey's testimony) and in the UK (British elections). Asian equities followed suit on negative investor sentiment for risky assets. Conversely, US Treasury yields fell as investors sought safe haven assets (amidst increasing volatility). The US dollar fell, reflecting continued concerns on the Trump administration's ability to deliver reforms.

- ✓ **Philippine stocks** were lower at the end of trading, with investors taking profits after the market climbed to ten-month highs in the previous session. The PSEi lost 0.60%, ending at 7,953.12.
- ✓ The yield of **Philippine fixed income securities** fell, as weak inflation data raised expectations that the BSP may adopt a more accommodative monetary policy in the second half of 2017. The curve lost 11.97 bps on average, led by the long end, which lost 17.93 bps.



- ✓ **US stocks** continued to fall on the back of heightened political risk as investors await former FBI Director Comey's public testimony and British elections. The DJIA ended at 21,136.23 (-0.23% d/d), while the S&P 500 closed at 2,429.33 (-0.28% d/d).
- ✓ **European equity markets** continued their decline ahead of several major events, including the UK general election on Thursday and a European Central Bank meeting, encouraging investors to take a risk-off stance. Healthcare stocks led the decline. MSCI Europe fell 0.65% to 131.46.
- ✓ **Asian stocks** reversed as investors gave in to the geopolitical risk pressures already mentioned, as well as the stubborn persistence of low oil prices. News from China shows that it is prepared to buy more treasuries, further fueling the risk-off stance. The MSCI APxJ fell by 0.20% to 502.77.
- ✓ **US Treasury yields** fell as investors priced in higher political risks. The VIX, a measure of market volatility, rose 3.77% to close at 10.45. On average, yields fell 1.45bps, with 10-year yields falling 3.66 bps to close at 2.145%.

- ✓ The **Philippine peso** dipped against the dollar, weakened by the pace of inflation being the lowest in four months. The USDPHP gained 0.32% to 49.560.
- ✓ The **US dollar** continued to fall on concerns regarding the US reflation trade and the Trump administration's ability to deliver reforms. The DXY fell by 0.17%, ending at 96.64.

Foreign Exchange

USD/PHP	Previous Close	49.400
	Close	49.560
EUR/USD	Previous Close	1.1243
	Indicative Rate	1.1252



Key Indicators

YIELDS AND PRICES	6-Jun-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.01	-0.66%	0.11%	-0.66%	-0.66%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.84	-0.03%	-0.00%	0.00%	0.46%
ROP2021 (Price)	106.81	0.06	0.32	0.37	(1.55)
ROP2034 (Price)	135.00	0.26	1.77	1.88	4.54
3-Month US Treasury Yield	0.97	0.00%	0.04%	0.09%	0.81%
3-Month German Treasury Bill Yield	(0.79)	0.02%	0.05%	0.03%	-0.25%
Dubai Crude Oil Spot (\$/bbl)	47.79	-1.75%	-5.10%	0.42%	48.74%
Gold Spot (\$/oz)	1,294.17	1.14%	2.46%	5.94%	21.93%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
6/7/2017	Foreign Reserves	May	\$81.8bn
6/9/2017	Exports YoY	Apr	21.0%

Developed Markets

Date	Country	Event	Period	Prior
6/7/2017	US	MBA Mortgage Applications	2-Jun	-3.4%
6/8/2017	Japan	GDP SA QoQ (Final)	1Q	2.2%
6/8/2017	EU	ECB Main Refinancing Rate	8-Jun	0.000%

Emerging Markets

Date	Country	Event	Period	Prior
6/7/2017	India	RBI Repurchase Rate	7-Jun	6.25%
6/8/2017	Indo	Foreign Reserves	May	\$123.25bn
6/9/2017	China	CPI YoY	May	1.2%

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