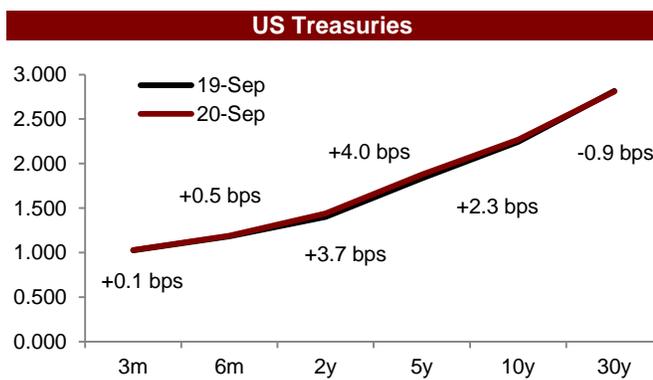
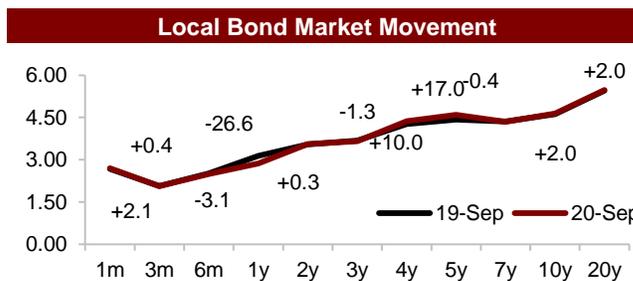
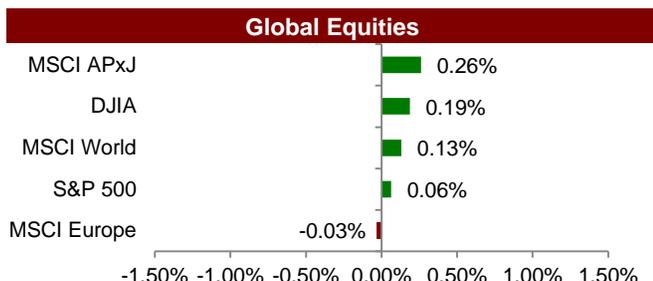
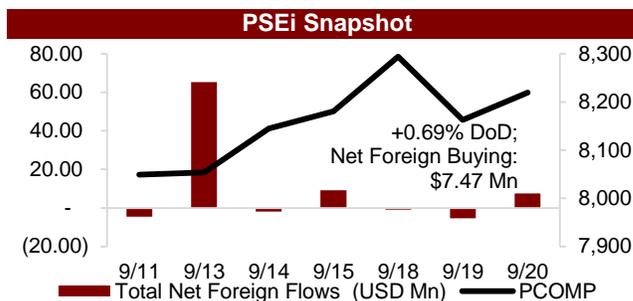


Most major market indices, the US Dollar and US Treasury yields moved higher as the FED finalized the timing of the unwinding of its balance sheet by October, and were more hawkish-than-expected, with the possibility of another FED rate hike by December. Meanwhile, Asian shares moved higher on rising oil prices ahead of an OPEC meeting on Friday.

- ✓ The **local equities market** ascended, buoyed by the Php380 million net foreign buying as it tracked risk-on sentiment from regional markets. The PSEi increased 56.62 points (or +0.69%) to close at 8,219.32.
- ✓ In the **local fixed income market**, yields ended flat with a slight upward bias as market participants largely stayed on the sidelines ahead of the FOMC and BSP pair meeting tomorrow. Yields inclined by an average of 0.20 bps, led by the belly (+5.11 bps average).

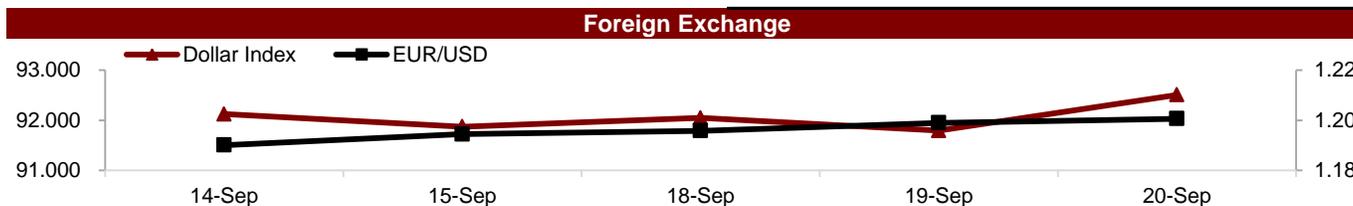


- ✓ **US equities** marginally rose as the Fed took a decisive stance towards a gradual unwinding of its balance sheet by October, with a reduction of bonds by \$10bn a month. While this move was widely expected, gains were pared due to more hawkish-than-expected Fed members still pushing for a December rate hike. The DJIA closed at 22,412.59 (+0.19% DoD) while the S&P 500 was at 2,508.24 (+0.06% DoD).
- ✓ **European equities** ended flat despite the release of better-than-expected German economic data, with German PPI YoY coming in at 2.6% (consensus at 2.5%) as investors digested the FED's more hawkish-than-expected policy stance. The MSCI Europe edged lower to 128.87, down by 0.03%.
- ✓ **Asian shares** edged marginally higher on rising oil prices, as investors are waiting on the sidelines ahead of an OPEC meeting on Friday wherein further production cuts are to be discussed. The MSCI APxJ rose to 544.54 (+0.26%).
- ✓ **US Treasury yields** continued to rise sharply as 11 out of 16 FED members seek a further tightening of monetary policy in December even as the FED will begin the unwinding of its balance sheet in October. Yields on average rose by 1.63 bps, while the US 10-yr yield inclined 2.3 bps to close at 2.268%.

- ✓ The **Philippine peso** fell after investors reacted negatively to the amended version approved by the Senate Ways and Means Committee. The USDPHP pair closed to 50.99, an effective 0.14% depreciation of the local currency.
- ✓ The **US dollar** mildly strengthened over the possibility of a December Fed rate hike despite inflation remaining below the Fed's 2% target. Fed Chair Janet Yellen remains optimistic that inflation may pick up on a tightening labor market and healthier US economy. The US Dollar Index closed at 92.508 (+0.78%).

Foreign Exchange

USD/PHP	Previous Close	50.915
	Close	50.985
EUR/USD	Previous Close	1.1990
	Indicative Rate	1.2010



Key Indicators

YIELDS AND PRICES	20-Sep-17	DoD	WoW	MoM	YTD
91-Day Philippine Treasury Bill Yield (PDST-R2)	2.07	0.00%	0.00%	-0.11%	-0.60%
1-Year Philippine Treasury Bill Yield (PDST-R2)	2.87	-0.27%	-0.04%	-0.11%	0.50%
ROP2021 (Price)	106.33	(0.02)	(0.14)	(0.12)	(2.03)
ROP2034 (Price)	135.68	(0.05)	(0.45)	0.92	5.21
3-Month US Treasury Yield	1.03	0.00%	-0.01%	0.03%	0.87%
3-Month German Treasury Bill Yield	(0.68)	-0.02%	-0.00%	0.00%	-0.16%
Dubai Crude Oil Spot (\$/bbl)	54.17	-0.07%	2.11%	9.74%	68.60%
Gold Spot (\$/oz)	1,301.18	-0.76%	-1.67%	1.34%	22.59%

Upcoming Economic Releases

Philippines

Date	Event	Period	Prior
9/21/2017	BSP Overnight Borrowing Rate	Sep	3.0%
9/21/2017	BSP Standing Overnight Deposit Facility ODF Rate	Sep	2.5%

Developed Markets

Date	Country	Event	Period	Prior
9/22/2017	US	Markit US Manufacturing PMI	Sep	53.0
9/21/2017	Europe	Consumer Confidence	Sep A	1.5
9/25/2017	Japan	Nikkei Japan PMI Manufacturing	Sep	52.2

Emerging Markets

Date	Country	Event	Period	Prior
9/22/2017	Taiwan	Industrial Production YoY	Aug	2.4%
9/22/2017	Thailand	Foreign Reserves	Sep	\$199.3bn
9/25/2017	Singapore	CPI YoY	Aug	1.6%

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