

April 3, 2023

## LOCAL MARKETS

Local equities declined amid market uncertainties. Local fixed income yields fell and the Philippine peso strengthened on expectations of easing inflation.

### Key Events

- ✓ The **Bangko Sentral ng Pilipinas** expects March inflation to settle between 7.4% and 8.2%. The median forecast of 7.8% is below consensus of 8.0%. If realized, this will be a deceleration from the 8.6% print in Feb. The central bank expects the rollback in oil prices and deceleration in prices of some food items to be the drags to inflation.
- ✓ **San Miguel Corporation (PSE Ticker: SMC)** expects liquefied natural gas (LNG) shipment for San Miguel Global Power Holdings Corp. to arrive within April. The import terminal's capacity can supply power up to 1,200 megawatts (MW) ahead of further developing it to bring 1,300 MW more or a total of 2,500 MW.

### Equities

- ✓ **Local equities** fell as investors remained cautious ahead of the upcoming long weekend amid uncertainties in the market. The increase in the National Government's outstanding debt also weighed on sentiment. The PSEi closed at 6,499.68 (-2.18% DoD).

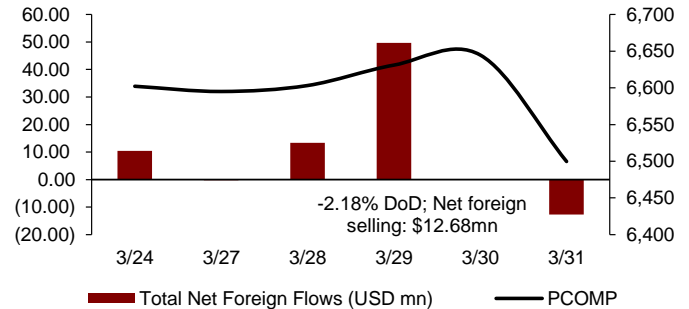
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0619	5.0501	5 years	-0.0235	5.9680
6 months	+0.0401	5.6771	7 years	-0.0266	6.0940
1 year	+0.0040	6.0287	10 years	-0.0540	6.2155
2 years	+0.0139	5.8489	20 years	-0.0511	6.5556
3 years	-0.0146	5.8812	30 years	-0.0535	6.5631
4 years	-0.0223	5.9186			

### Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	54.415	54.360	EUR/USD	1.0905	1.0839

### PSEi Snapshot



<b>Previous:</b>	6,644.8	<b>PSEi change:</b>	-2.18%
<b>High:</b>	6,635.7	<b>Best:</b>	WLCON +6.01%
<b>Low:</b>	6,499.7	<b>2nd best:</b>	TEL +3.20%
<b>Close:</b>	6,499.7	<b>2nd worst:</b>	AEV -10.20%
<b>Val. traded (mn):</b>	4,831.9	<b>Worst:</b>	MONDE -11.30%

### Fixed Income

- ✓ **Local fixed income yields** fell as the Bangko Sentral ng Pilipinas released their dovish inflation expectations. The central bank's median inflation estimate is 7.8%, below the market consensus of 8.0%. On average, yields fell by 1.14 bps, led by the long end of the curve which went down by 5.29 bps.

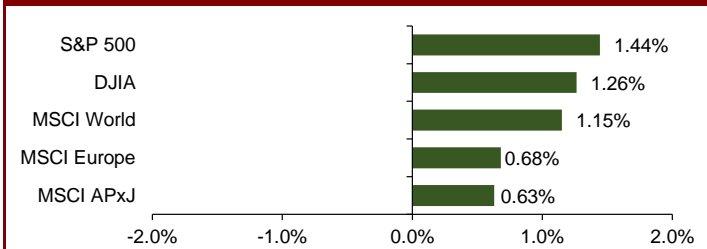
### Philippine peso

- ✓ The **Philippine Peso** strengthened ahead of the local inflation data release for March and the trading break in observance of Holy Week. Moreover, remarks from BSP Governor Medalla saying it may be "too early" to pause on rate hikes also boosted the local currency. The USD/PHP pair closed at 54.36 (-0.10% DoD).

## OVERSEAS MARKETS

Global equities rose, US Treasury yields fell, and the US Dollar strengthened as investors digested the latest US core Personal Consumption Expenditures (PCE) price index from the US and inflation data from the Eurozone.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0822	4.6930	5 years	-0.1104	3.5733
6 months	+0.0061	4.8574	10 years	-0.0812	3.4676
2 years	-0.0942	4.0253	30 years	-0.0840	3.6499

- ✓ **US equities** rose as sentiment was boosted after the US core PCE index rose slower-than-expected at 0.3% MoM, below consensus expectation of 0.4% MoM and January's 0.5% MoM. The S&P 500 closed at 4,109.31 (+1.44 DoD) and the DJIA closed at 33,274.15 (+1.26% DoD).
- ✓ **Asian equities** rallied amid improving sentiment supported by positive developments in China and moderating global banking sector concerns. China and Hong Kong shares were boosted by news of spin-offs and listing plans of tech giants, as well as the expansion of their manufacturing activity. The MSCI APxJ closed at 523.94 (+0.63% DoD).
- ✓ **European equities** extended gains following the reported deceleration in the preliminary March headline inflation at 6.9% YoY, lower than the 8.5% YoY in February. However, gains were capped as core inflation kept its uptrend from 5.6% YoY to 5.7% YoY. The MSCI Europe closed at 153.83 (+0.68% DoD).
- ✓ **US Treasury yields** fell amid renewed hopes that the US Fed may end its rate hike cycle soon following the slower-than-expected increase in the February PCE price index. On average, yields fell by 7.43 bps, with the 2Y closing at 4.03% (-9.42 bps) and the 10Y closing at 3.47% (-8.12 bps).
- ✓ The **US Dollar** slightly strengthened as investors digested the slower consumer spending growth in February and core PCE data showing signs of cooling but still elevated. The DXY closed at 102.51 (+0.35%).

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