

April 5, 2023

## LOCAL MARKETS

Local equities fell ahead of March inflation data. Local fixed income yields were flat following the latest BTr auction. The Philippine peso strengthened on weak US manufacturing data.

### Key Events

- ✓ **Finance Secretary Diokno** believes that it is too early to assess the impact of the recent oil production cuts from OPEC+. He believes that given the global growth slowdown, OPEC+ countries cut oil production by 1.16 million barrels per day in anticipation of lower demand. The latest economic outlook from the BSP shows that every \$10 hike in Dubai crude would raise full-year inflation by 10-40 bps.
- ✓ **Del Monte Pacific Ltd.'s (PSE Ticker: DELM)** US unit Del Monte Foods Holdings Ltd. is seeking regulatory approval from the US Securities and Exchange Commission (SEC) for its initial public offering (IPO) of ordinary shares. The company disclosed that the number of ordinary shares to be offered in the IPO proposal and the offer price range have not yet been determined.

### Equities

- ✓ **Local equities** fell ahead of the March inflation data release. Sentiment was also dragged by the surprise OPEC+ supply cut and renewed concerns on inflation. The PSEI closed at 6,472.04 (-0.89% DoD).

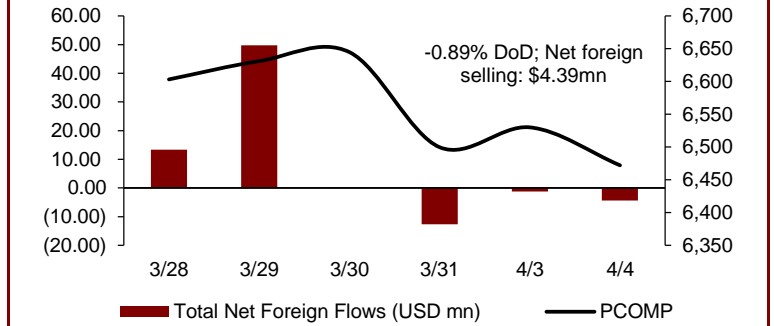
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0439	5.1307	5 years	-0.0045	5.9569
6 months	+0.0041	5.7054	7 years	-0.0064	6.0656
1 year	-0.0040	6.0185	10 years	-0.0076	6.1687
2 years	+0.0143	5.8586	20 years	-0.0223	6.4946
3 years	+0.0086	5.8813	30 years	-0.0273	6.4942
4 years	+0.0018	5.9135			

### Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.730	54.495	EUR/USD	1.0899
				1.0953

### PSEI Snapshot



<b>Previous:</b>	6,530.0	<b>PSEI change:</b>	-0.89%
<b>High:</b>	6,539.0	<b>Best:</b>	SMPH +2.43%
<b>Low:</b>	6,464.0	<b>2nd best:</b>	MONDE +1.33%
<b>Close:</b>	6,472.0	<b>2nd worst:</b>	WLCON -3.58%
<b>Val. traded (mn):</b>	3,048.4	<b>Worst:</b>	TEL -4.26%

### Fixed Income

- ✓ **Local fixed income yields** were mixed following the reissuance of 7YR treasury bonds. The Bureau of the Treasury raised Php25 billion from the Php50.98 billion bids offered. The bonds were awarded with an average rate of 5.883%. On average, yields were flattish moving up by 0.01 bps, led by the short end of the curve which went rose by 1.46 bps.

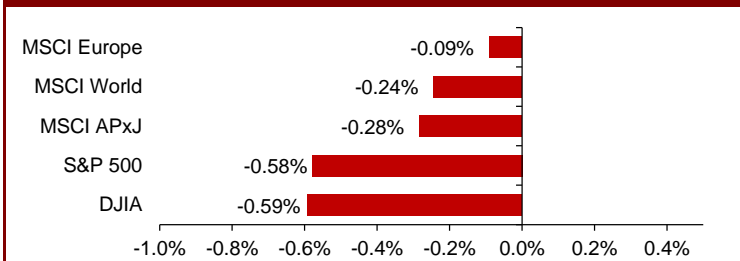
### Philippine peso

- ✓ The **Philippine Peso** strengthened amid the Dollar's weakness after downbeat US manufacturing data affected sentiment. The USD/PHP pair closed at 54.50 (-0.43% DoD).

## OVERSEAS MARKETS

Global equities and US Treasury yields fell while the US Dollar continued to weaken as investors weighed the latest jobs and manufacturing data releases.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0296	4.7479	5 years	-0.1130	3.3881
6 months	-0.2010	4.6398	10 years	-0.0727	3.3387
2 years	-0.1381	3.8253	30 years	-0.0318	3.5965

- ✓ **US equities** tumbled on waning sentiment amid the cooling labor market as US job openings declined by 632k to 9.93 million in February, the surprise OPEC+ supply cut and the lower-than-expected ISM Manufacturing index, The S&P 500 closed at 4,100.60 (-0.58% DoD) and the DJIA closed at 33,402.38 (-0.59% DoD).
- ✓ **Asian equities** fell as the surprise OPEC+ target output cut fanned inflation concerns. The weaker-than-expected US manufacturing data also weighed on sentiment. The MSCI APxJ closed at 523.06 (-0.28% DoD).
- ✓ **European equities** fell further as energy stocks declined on oil demand worries following the soft March US manufacturing PMI. The MSCI Europe closed at 153.68 (-0.09% DoD).
- ✓ **US Treasury yields** fell further as investors weighed the February US jobs openings data which fell near its two-year low at 9.9 million. Consequently, job openings for every unemployed person also declined to 1.7x (from 1.9x in January). On average, yields fell by 8.78 bps, with the 2Y closing at 3.83% (-13.81 bps) and the 10Y closing at 3.34% (-7.27 bps).
- ✓ The **US Dollar** weakened as bets that the US is almost done with its tightening cycle were reinforced after US jobs openings data fell to its lowest in nearly two years. The DXY closed at 101.59 (-0.50%).

