

February 9, 2023

LOCAL MARKETS

Local equities rose, the local fixed income yields were mixed but rose on average, and the Philippine peso strengthened as investors digested recent economic data release and the remarks from the Fed.

Key Events

- ✓ The local unemployment rate for the full year 2022 dropped to 5.4%, a three-year low, despite posting a slightly higher jobless rate in December. This is the lowest since the pre-pandemic rate of 5.1% in 2019.
- ✓ Metro Pacific Investments Corp (PSE Ticker: MPI) is buying a 35% share in Axelum Resources Corp (PSE Ticker: AXLM) for Php5.32 billion to expand its agriculture portfolio. MPI will acquire 1.19 billion common shares priced at Php4.05 a piece or a total amount of about Php4.82 billion, while the 200 million redeemable preferred shares are priced at Php2.50 each for a total consideration of Php500 million. The transaction is internally funded and will be paid in cash.

Equities

- ✓ Local equities climbed following US Fed Chair Powell's comments on easing inflation. Investors are now watching out for the release of wholesale inventories data, and the speeches of the other Fed officials. The PSEi closed at 6,923.08 (+0.61% DoD).

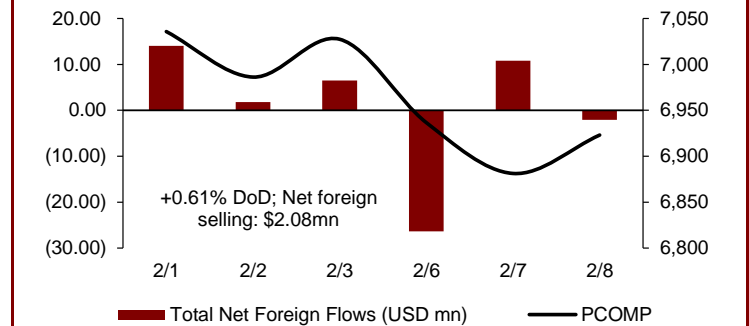
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0159	4.3189	5 years	+0.0294	5.9181
6 months	-0.0041	4.9044	7 years	+0.0613	6.1157
1 year	+0.0093	5.3227	10 years	+0.0811	6.2815
2 years	-0.1205	5.2973	20 years	+0.1645	6.6685
3 years	-0.0847	5.5465	30 years	+0.1651	6.6684
4 years	-0.0219	5.7506			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.085	54.800	EUR/USD	1.0726
				1.0712

PSEi Snapshot



Previous:	6,881.3	PSEi change:	0.61%
High:	6,963.5	Best:	SCC +4.96%
Low:	6,884.5	2nd best:	MONDE +3.25%
Close:	6,923.1	2nd worst:	SMC -1.66%
Val. traded (mn):	3,364.9	Worst:	AEV -2.92%

Fixed Income

- ✓ Local fixed income yields continued to climb as bets of a larger rate hike from the BSP were fueled following the high January inflation print. On average, yields rose by 2.40 bps, led by the long-end which went up by 13.69 bps.

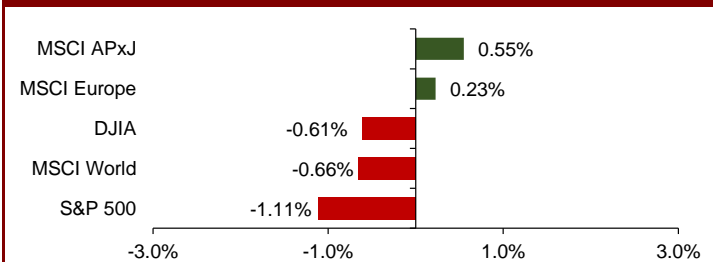
Philippine peso

- ✓ The Philippine peso strengthened on profit taking after the currency weakened following the unexpectedly high inflation print. The local currency also gained against the US Dollar which fell on hawkish Fed remarks. The USD/PHP pair closed at 54.80 (-0.52% DoD).

OVERSEAS MARKETS

Global equities were mixed, the US Treasury yields fell, and the US Dollar was flat as investors waited for the US corporate earnings releases and continued to weigh the comments from the Fed.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0461	4.6902	5 years	-0.0454	3.7883
6 months	+0.0476	4.8999	10 years	-0.0637	3.6098
2 years	-0.0436	4.4208	30 years	-0.0419	3.6710

- ✓ US equities dropped as investors worried over the release of the latest batch of corporate earnings, and weighed the outlook for future moves of the US Fed. The S&P 500 closed at 4,117.86 (-1.11% DoD) and the DJIA closed at 33,949.01 (-0.61% DoD).
- ✓ Asian equities traded mixed but rose on average on varying cues from the Fed. Elsewhere, major markets gave up earlier gains as investors worried over earnings and the Sino-US geopolitical tension. The MSCI APxJ closed at 545.30 (+0.55% DoD).
- ✓ European equities rose as investors digested Federal Reserve Chairman Jerome Powell's latest remarks, as well as a mix of corporate earnings. The MSCI Europe closed at 154.04 (+0.23% DoD).
- ✓ US Treasury yields fell as the market digested comments from Fed Chairman Jerome Powell to take cues on the Fed's monetary policy outlook. Investors also weighed the latest US corporate earnings releases. On average, yields fell by 1.68 bps, with the 2Y closing at 4.42% (-4.36 bps) and the 10Y closing at 3.61% (-6.37 bps).
- ✓ The US Dollar was flat as Fed Chairman Jerome Powell did not significantly change his interest rate outlook despite a strong US job report last week. The DXY closed at 103.41 (-0.02% DoD).

