

February 10, 2023

LOCAL MARKETS

Local equities rose and local fixed income yields were mixed as investors continue to digest the latest inflation data. The Philippine peso strengthened as investors digested the improvement in the country's gross international reserves and employment data.

Key Events

- ✓ **The Philippine Statistics Authority (PSA) reported that the Philippine unemployment rate fell to a three-year low of 5.4% in 2022.** In December, the unemployment rate stood at 4.3%, higher than November's 4.2% but lower than the 6.6% recorded in December 2021.
- ✓ **Metro Pacific Investments Corp. (PSE Ticker: MPI)** has partnered with CIMIC Group and signed a construction deal for the Php6.1 billion Candaba third viaduct project. Construction works of the project will start within the first quarter of 2023 until 2024.

Equities

- ✓ **Local equities** dropped amid profit taking and increased bets of a larger rate hike from the Bangko Sentral ng Pilipinas following the record high January local inflation print. The PSEi closed at 6,842.79 (-1.16% DoD).

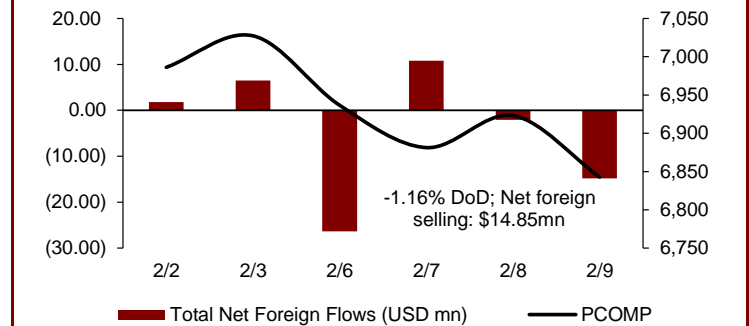
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0076	4.3265	5 years	+0.0142	5.9323
6 months	+0.0104	4.9148	7 years	-0.0044	6.1113
1 year	-0.0032	5.3195	10 years	-0.0283	6.2532
2 years	+0.0459	5.3432	20 years	-0.1007	6.5678
3 years	+0.0428	5.5893	30 years	-0.0984	6.5700
4 years	+0.0295	5.7801			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.800	54.450	EUR/USD	1.0712
				1.0740

PSEi Snapshot



Previous:	6,923.1	PSEi change:	-1.16%
High:	6,922.1	Best:	MPI +1.93%
Low:	6,840.1	2nd best:	WLCON +0.92%
Close:	6,842.8	2nd worst:	MER -3.74%
Val. traded (mn):	3,837.0	Worst:	MONDE -3.77%

Fixed Income

- ✓ **Local fixed income yields** were mixed but declined on average amid investors' bargain hunting. This was also following the aggressive sell-offs in the long-end after the January inflation print surprised to the upside and fears of a larger rate hike from the central bank. On average, yields fell by 0.77 bps, led by the long-end which fell by 7.58 bps.

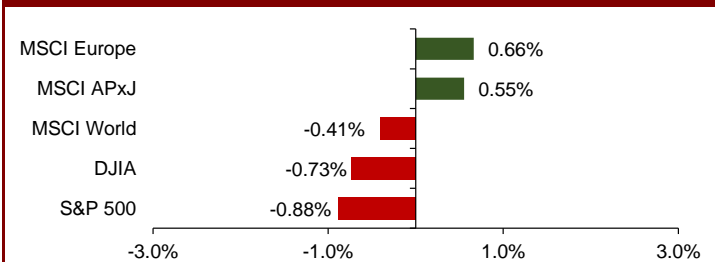
Philippine peso

- ✓ The **Philippine peso** slightly strengthened amid positive sentiment over the increase in the Philippines' gross international reserves and decline in the local unemployment rate. Investors also weighed lingering concerns over a possible economic slowdown in the US. The USD/PHP pair closed at 54.45 (-0.64% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields rose, and the US dollar weakened as the markets assessed mixed corporate earnings and the US Fed's remarks.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0357	4.7259	5 years	+0.0703	3.8586
6 months	+0.0020	4.9019	10 years	+0.0481	3.6579
2 years	+0.0612	4.4820	30 years	+0.0554	3.7264

- ✓ **US equities** fell amid mixed corporate earnings and expectations that the US Fed may have to tighten monetary policy further. The S&P 500 closed at 4,081.50 (-0.88% DoD) and the DJIA closed at 33,699.88 (-0.73% DoD).
- ✓ **Asian equities** were mixed but rose on average as China and Hong Kong markets traded higher on upbeat earnings result. Elsewhere, hopes of cooling interest rates were challenged after recent hawkish Fed cues dampened sentiment. The MSCI APxJ closed at 548.31 (+0.55% DoD).
- ✓ **European equities** rose as investors weighed corporate earnings results and slower German inflation data. The MSCI Europe closed at 155.06 (+0.66% DoD).
- ✓ **US Treasury yields** rose as investors focused on the corporate earnings releases. Market participants also continued to weigh hawkish remarks from the Fed. On average, yields went up by 4.55 bps, with the 2Y closing at 4.48% (+6.12 bps) and the 10Y closing at 3.66% (+4.81 bps).
- ✓ The **US Dollar** marginally weakened as investors waited for the consumer inflation data and digested comments from US Federal Reserve officials. The DXY closed at 103.22 (-0.18% DoD).

