

February 17, 2023

LOCAL MARKETS

Local equities traded sideways, local fixed income yields rose, and the Philippine peso strengthened as the Bangko Sentral ng Pilipinas raised its key policy rate by 50 bps.

Key Events

- ✓ **The Bangko Sentral ng Pilipinas (BSP) raised interest rates from 5.5% to 6.0% during its Monetary Board meeting on Thursday.** The 50-bps hike brought the policy rate to its highest level in 16 years when it stood at 7.5% in May 2007.
- ✓ **Globe Telecom Inc's (PSE Ticker: GLO) GCash secured BSP approval to offer its financial technology services abroad even for users without a Philippine SIM.** The pilot run of GCash Overseas would be made in Australia, Italy, and Japan for the first 1,000 users with an international SIM.

Equities

- ✓ **Local equities** slightly fell amid investors' last-minute profit taking following the Bangko Sentral ng Pilipinas' (BSP) decision to hike interest rates further. The PSEi closed at 6,815.91 (-0.09% DoD).

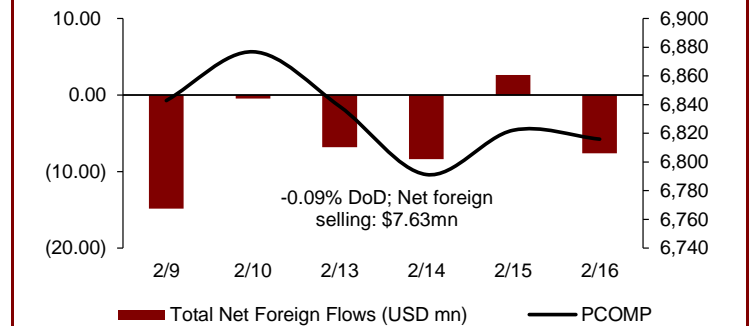
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0104	4.3911	5 years	+0.0147	5.9787
6 months	+0.0009	4.9842	7 years	+0.0181	6.1616
1 year	+0.0072	5.3395	10 years	+0.0388	6.3308
2 years	+0.0352	5.4738	20 years	+0.0234	6.5706
3 years	+0.0344	5.6913	30 years	+0.0326	6.5762
4 years	+0.0239	5.8499			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.170	55.120	EUR/USD	1.0689
				1.0674

PSEi Snapshot



Previous:	6,822.1	PSEi change:	-0.09%
High:	6,848.5	Best:	SMC +2.81%
Low:	6,808.5	2nd best:	JGS +2.37%
Close:	6,815.9	2nd worst:	MBT -2.40%
Val. traded (mn):	3,395.1	Worst:	MPI -4.69%

Fixed Income

- ✓ **Local fixed income yields** rose as the Bangko Sentral ng Pilipinas increased its policy rate by 50 bps to 6.0%. This was within market expectations. On average, yields rose by 2.18 bps, led by the long-end which went up by 3.16 bps.

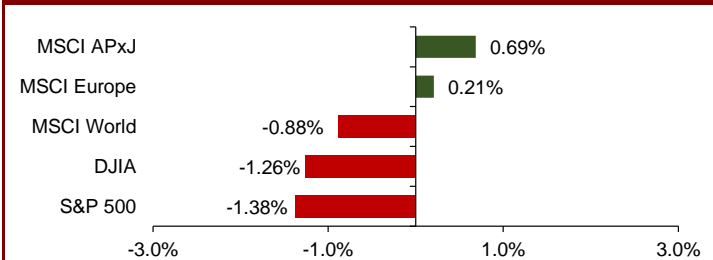
Philippine peso

- ✓ **The Philippine peso** strengthened after the BSP hiked benchmark interest rates by 50 bps to 6%, amid surging inflation. An upbeat 2022 foreign investments data and the recent retail treasury bond offer also buoyed the local currency. The USD/PHP pair closed at 55.12 (-0.09% DoD).

OVERSEAS MARKETS

Global equities were mixed but marginally fell, US Treasury yields rose, and the US Dollar while investors digested the recent release of PPI and jobs data.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0331	4.7830	5 years	+0.0359	4.0727
6 months	+0.0260	4.9977	10 years	+0.0559	3.8608
2 years	+0.0091	4.6400	30 years	+0.0732	3.9142

- ✓ **US equities** fell amid heightened rate hike fears following the higher-than-expected Producer Price Index (PPI) and lower jobless claims. Wholesale prices in the US rose 0.7% MoM, higher than consensus estimates of 0.4%, while jobless claims dropped by 1,000 WoW to 194,000, lower than consensus expectations of 200,000. The S&P 500 closed at 4,090.41 (-1.38% DoD) and the DJIA closed at 33,696.85 (-1.26% DoD).
- ✓ **Asian equities** rose amid improving sentiment on upbeat economic data from developed markets, further propelled by a strong US retail sales reading. Confidence in the region was also boosted by cooling inflation and strong consumer spending in the Eurozone and the UK. The MSCI APxJ closed at 536.79 (+0.69% DoD).
- ✓ **European equities** rose as investors digested better-than-expected US data releases. The MSCI Europe closed at 156.15 (+0.21% DoD).
- ✓ **US Treasury yields** rose following the release of the PPI data which inched up by 0.7% MoM in January versus the decline in December of 0.2%. On average, yields went up by 3.89 bps, with the 2Y closing at 4.64% (+0.91 bps) and the 10Y closing at 3.86% (+5.59 bps).
- ✓ **The US Dollar** was relatively unchanged following the release of producer prices and jobless claims data. The US producer price index bounced to 0.7%, higher than both consensus forecast of 0.4% and the 0.2% contraction in December, while US jobless claims came in at 194,000, ahead of the consensus expectation of 200,000. The DXY closed at 103.86 (-0.06% DoD).

