

January 9, 2023

LOCAL MARKETS

Local equities declined and local fixed income yields were mixed following the release of the US jobs report and the Fed minutes. The Philippine Peso strengthened as the lower unemployment rate in November lifted market sentiment.

Key Events

- ✓ **The World Bank warned that further adverse shocks could lead to a global recession in 2023.** Even without a crisis, the global economy is expected to decelerate sharply amid high policy rates, worsening financial disruptions, and continued shocks from the Russia-Ukraine conflict. The International Monetary Fund shares a similar view, as it expects 1/3 of global economies to undergo a recession in 2023.
- ✓ **Globe Telecom Inc.'s (PSE Ticker: GLO) fintech arm, GCash, has partnered with Malayan Insurance and Insurtech firm, Igloo, to launch a new travel insurance product amid rising travel activities as COVID-19 restrictions are eased.** Travel Master with COVID-19 offers COVID-19 protection on top of the usual coverage and benefits and is available in the GCash app.

Equities

- ✓ **Local equities fell as investors took profit while digesting the recent US jobs data and the local inflation.** The PSEi closed at 6,667.97 (-1.38% DoD).

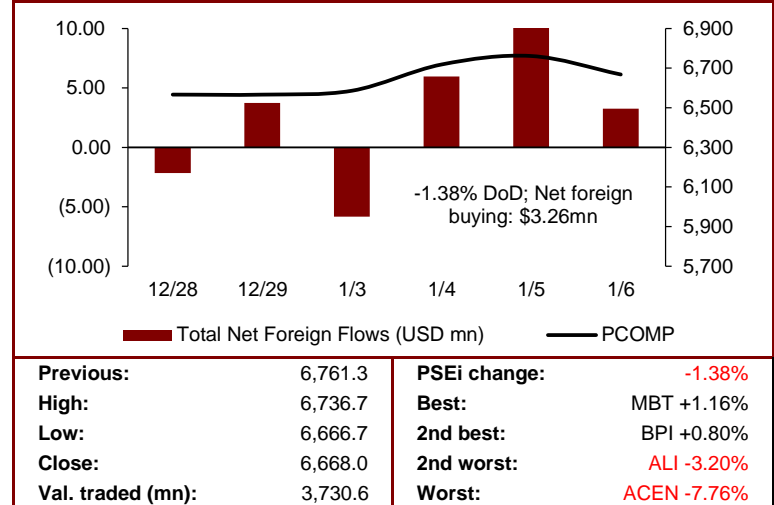
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0061	4.2673	5 years	+0.0192	6.5944
6 months	+0.0091	4.8740	7 years	+0.0546	6.8653
1 year	+0.0062	5.2682	10 years	+0.0871	7.2119
2 years	-0.0082	5.9573	20 years	-0.0438	7.2727
3 years	-0.0128	6.2304	30 years	-0.0447	7.2685
4 years	+0.0037	6.4306			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.750	55.640	EUR/USD	1.0522	1.0644

PSEi Snapshot



Fixed Income

- ✓ **Local fixed income yields** were mixed but rose on average following the release of US jobs data and Fed minutes. On average, yields went up by 0.58 bps, led by the belly of the curve which rose by 1.62 bps.

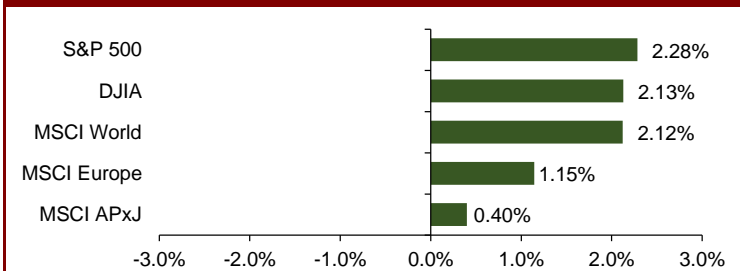
Philippine peso

- ✓ The **Philippine peso** strengthened as the lower local unemployment rate in November and the announcement of China that it will relax property borrowing restrictions lifted market sentiment. The USD/PHP pair closed at 55.64 (-0.20% DoD).

OVERSEAS MARKETS

US and European equities inched up, the US treasury yields fell, and the US dollar weakened as investors digested recent release of US economic data. Asian equities rose amid optimism on China's economy.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0147	4.5790	5 years	-0.2152	3.6980
6 months	-0.0444	4.7857	10 years	-0.1601	3.5580
2 years	-0.2102	4.2474	30 years	-0.1067	3.6874

- ✓ **US equities** rallied as investors took the slightly higher-than-expected jobs report and slower wage growth positively, indicating that the Fed's aggressive policy moves are taking effect. December US nonfarm payrolls grew 223k, above Dow Jones est. of 220k, while wages grew 0.3%, slower than the 0.4% estimate. The S&P 500 closed at 3,895.08 (+2.28% DoD) and the DJIA closed at 33,630.61 (+2.13% DoD).
- ✓ **Asian equities** closed higher as sentiment was boosted by China's economic recovery after lifting COVID-19 curbs, but gains were capped by cautious moves ahead of the US jobs data later in the day. The MSCI APxJ closed at 522.43 (+0.40% DoD).
- ✓ **European equities** gained following the stronger-than-expected US jobs data. The MSCI Europe closed at 149.25 (+1.15% DoD).
- ✓ **US Treasury yields** went down as investors assessed the recent release of US economic data and policy rate direction of the Fed. On average, yields were down by 12.52 bps, with the 2Y closing at 4.25% (-21.02 bps) and the 10Y at 3.56% (-16.01 bps).
- ✓ The **US Dollar** weakened as investors digested the latest US jobs report and the weak services PMI data. The DXY closed at 103.88 (-1.11% DoD).