

January 18, 2023

LOCAL MARKETS

Local equities moved sideways on profit taking. Local fixed income yields continued to fall on expectations of slower rate hikes from the US Fed. The Philippine peso weakened as investors digested the stronger-than-expected Chinese economic data.

Key Events

- ✓ The Department of Finance secretary Benjamin Diokno expects the Philippines to grow by 6.5% in FY2023 despite the potential global economic slowdown. He also expects the country to outperform its 6.5-7.5% GDP growth target for 2022. He highlighted that the manufacturing sector, low unemployment levels, and stable banking system will allow the country to withstand global headwinds.
- ✓ ACEN Corp. (PSE Ticker: ACEN), along with its partner BM Group, secured a \$107 million financing package from the Asian Development Bank to finance its 88-megawatt joint venture wind farm project in Vietnam. The wind farm will form part of ACEN's target to expand its renewable energy capacity to 20 gigawatts by 2030.

Equities

- ✓ Local equities moved sideways but still able to hold at the 7,000-level as investors took-profit on the recent highs. The PSEi closed at 7,014.04 (-0.45% DoD).

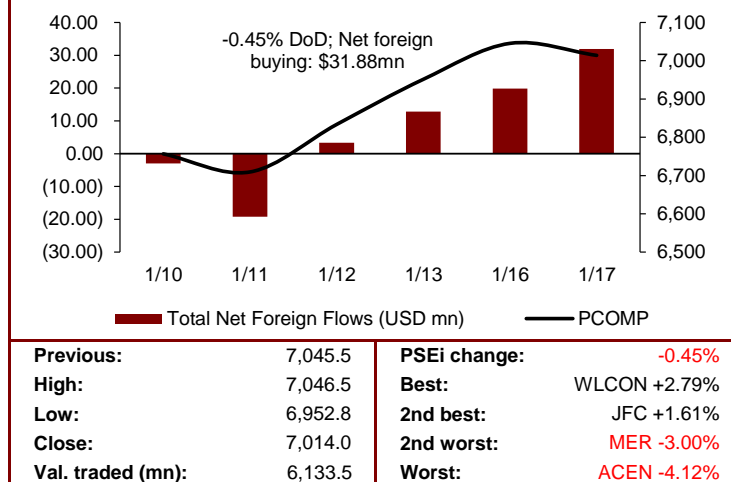
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0329	4.3493	5 years	-0.0465	6.1027
6 months	-0.0219	4.9834	7 years	-0.0623	6.2257
1 year	+0.0071	5.4516	10 years	-0.0887	6.3343
2 years	+0.0241	5.6990	20 years	-0.4895	6.5800
3 years	-0.0110	5.9011	30 years	-0.5225	6.5168
4 years	-0.0320	6.0194			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.575	54.820	EUR/USD	1.0822
				1.0788

PSEi Snapshot



Fixed Income

- ✓ Local fixed income yields continued to fall as investors priced in slower Fed rate hikes. This was also amid the Bureau of the Treasury increasing its award for the reissued 20-year treasury bonds to Php49 billion from Php35 billion. On average, yields went down by 11.60 bps, led by the long-end of the curve which fell by 36.69 bps.

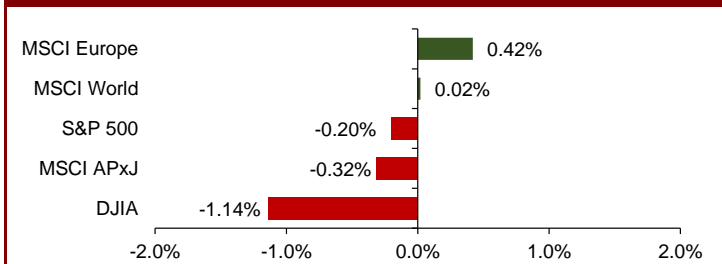
Philippine peso

- ✓ The Philippine peso weakened as the greenback and global oil prices rose after the Chinese economic growth data in 4Q22 came out stronger-than-expected at 2.9% YoY. The USD/PHP pair closed at 54.82 (+0.45% DoD).

OVERSEAS MARKETS

US equities fell and US treasury yields were mixed as investors digested corporate earnings results and economic data releases. Asian equities dropped as investors weighed mixed Chinese economic data. European equities rose amid bets of a possible slowdown of rate hikes by the ECB. The US Dollar strengthened as the markets closely watch the policy decision of the BoJ.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0046	4.5778	5 years	+0.0102	3.6209
6 months	-0.0298	4.7420	10 years	+0.0441	3.5476
2 years	-0.0274	4.2047	30 years	+0.0503	3.6606

- ✓ US equities fell as investors weighed mixed bag of results from the latest earnings report. The market sentiment was dragged after Goldman Sachs posted worse-than-expected quarterly results amid rising costs and a slump in deal activity. The S&P 500 closed at 3,990.97 (-0.20% DoD) and the DJIA closed at 33,910.85 (-1.14% DoD).
- ✓ Asian equities dropped as investors digested a slew of Chinese economic data. Although China's 4Q22 GDP growth data came out stronger-than-expected, China's retail sales contracted for a third straight month to 1.8% in December. The MSCI APxJ closed at 544.56 (-0.32% DoD).
- ✓ European equities rose amid optimism that the European Central Bank could possibly slow its pace of rate hikes. The MSCI Europe closed at 153.21 (+0.42% DoD).
- ✓ US Treasury yields were mixed but marginally rose, led by the long-end of the curve, as trading resumed after the long-weekend. Investors also digested mixed corporate earnings results and economic data releases. The New York "empire" state manufacturing data dropped to 32.9, higher-than-expected at 8.7. On average, yields were up by 0.87 bps, with the 2Y closing at 4.20% (-2.74 bps) and the 10Y at 3.55% (+4.41 bps).
- ✓ The US Dollar marginally strengthened as traders continued to shift their focus to the Bank of Japan's upcoming decision on its yield control policy. The DXY closed at 102.39 (0.18% DoD).

