

January 24, 2023

LOCAL MARKETS

Local equities rose ahead of 4Q22 GDP data. Local fixed income yields fell and the Philippine peso was flat as investors waited for further guidance from central banks.

Key Events

- ✓ **The Bangko Sentral ng Pilipinas (BSP) expects inflation to fall within the 2-4% target band by 3Q23 and below 2% in early 1Q24.** The central bank noted that the month-on-month inflation has started to normalize and that they do not see worsening second round effects due to aggressive monetary policy.
- ✓ **Manila Water Corp. (PSE Ticker: MWC)** said that its Bulacan unit has signed a Php200 million long-term loan agreement with the Bank of the Philippine Islands. Proceeds of the loan will be used by the company to finance the refurbishment, expansion, and improvement of service facilities in the area.

Equities

- ✓ **Local equities** slightly rose ahead of the upcoming release of the 4Q2022 Philippine economic growth data. The PSEi closed at 7,069.68 (+0.19% DoD).

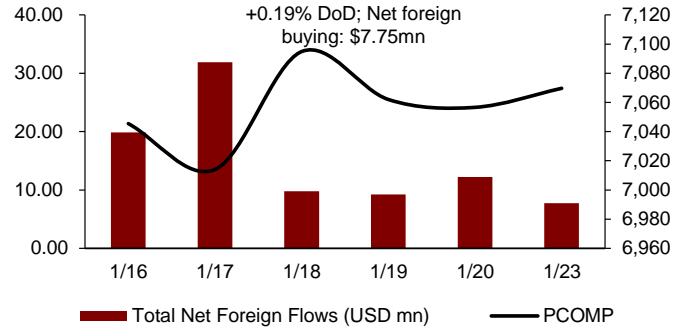
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0812	4.3932	5 years	-0.0826	5.8874
6 months	+0.0026	5.0003	7 years	-0.0647	6.0240
1 year	-0.0054	5.4477	10 years	-0.0760	6.1436
2 years	-0.0687	5.4497	20 years	-0.1662	6.3988
3 years	-0.0828	5.6729	30 years	-0.1765	6.3369
4 years	-0.0871	5.8012			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.540	54.540	EUR/USD	1.0856
				1.0872

PSEi Snapshot



Previous:	7,056.6	PSEi change:	0.19%
High:	7,069.7	Best:	JGS +4.17%
Low:	7,003.4	2nd best:	ACEN +3.74%
Close:	7,069.7	2nd worst:	GLO -1.83%
Val. traded (mn):	3,302.9	Worst:	URC -3.45%

Fixed Income

- ✓ **Local fixed income yields** continued to decline as investors wait for further guidance from the BSP and the US Fed. On average, yields went down by 6.60 bps, led by the long-end of the curve which fell by 13.96 bps.

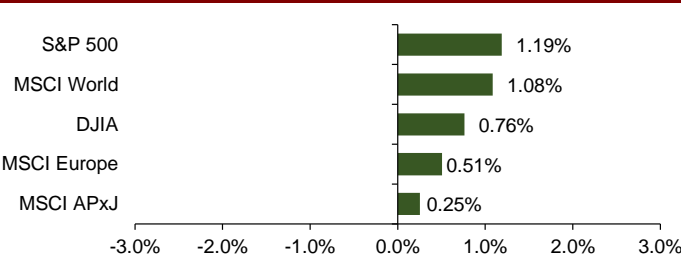
Philippine peso

- ✓ The **Philippine peso** swas flat as investors wait for further cues from the BSP and the Fed on their policies. This was also ahead of the release of the Philippine 4Q22 GDP data. The USD/PHP pair closed at 54.54 (0.00% DoD).

OVERSEAS MARKETS

US equities rose amid bargain hunting. Asian equities inched up on the back of positive sentiment over China's economic reopening. European equities rose, US Treasury yields climbed, and the US Dollar marginally strengthened as the markets continued to assess the monetary policy direction of central banks.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0201	4.6483	5 years	+0.0586	3.6200
6 months	+0.0020	4.8116	10 years	+0.0311	3.5098
2 years	+0.0572	4.2274	30 years	+0.0258	3.6805

- ✓ **US equities** continued to rally as investors focused on the earnings season and expectations of slower Fed rate hikes ahead. This was also amid bargain hunting, especially of heavily-battered tech names. The S&P 500 closed at 4,019.81 (+1.19% DoD) and the DJIA closed at 33,629.56 (+0.76% DoD).
- ✓ **Asian equities** slightly rose as China's reopening lifted sentiment. The relatively weaker dollar also boosted gains. The MSCI APxJ closed at 551.56 (+0.25% DoD).
- ✓ **European equities** rose on hopes that inflation has peaked, lowering expectations for further Fed rate hikes. The MSCI Europe closed at 152.55 (+0.51% DoD).
- ✓ **US Treasury yields** rose as investors continued to assess the policy direction of the Fed ahead of the monetary policy meeting. On average, yields were up by 3.25 bps, with the 2Y closing at 4.23% (+5.72 bps) and the 10Y at 3.51% (+3.11 bps).
- ✓ The **US Dollar** marginally strengthened as the markets continued to assess the Fed's monetary policy direction. The DXY closed at 102.14 (+0.12% DoD).

