

January 25, 2023

LOCAL MARKETS

Local equities rose and the Philippine peso strengthened ahead of the 4Q22 local GDP data release. Local fixed income yields declined as the BTr auctioned Php35 billion worth of t-bonds.

Key Events

- ✓ **The Department of Budget and Management reported that infrastructure spending rose to Php80.2 billion in November**, a 38.4% jump from a year ago. It attributed the bulk of the spending to the projects of the Department of Public Works and Highways such as construction, improvement, repair and rehabilitation of roads, bridges and flood control structures, as well as the construction of multipurpose buildings.
- ✓ **Converge ICT (PSE Ticker: CNVRG) deployed more than two million fiber ports nationwide**. The company said it is on track of reaching its target to cover approximately 55% of homes nationwide in 2023. It also earmarked Php21 to Php23 billion in capital expenditures this year.

Equities

- ✓ **Local equities fell** as investors continued to closely monitor the upcoming release of the Philippine full-year 2022 GDP. The PSEi closed at 7,041.50 (-0.40% DoD).

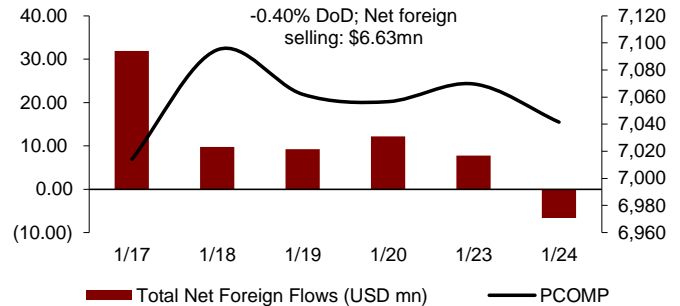
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0391	4.4323	5 years	-0.0580	5.8294
6 months	-0.0603	4.9400	7 years	-0.0957	5.9283
1 year	-0.0357	5.4120	10 years	-0.0791	6.0645
2 years	-0.0500	5.3997	20 years	+0.0859	6.4847
3 years	-0.0505	5.6224	30 years	+0.0852	6.4221
4 years	-0.0496	5.7516			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	54.540	54.435	EUR/USD	1.0872	1.0887

PSEi Snapshot



Previous:	7,069.7	PSEi change:	-0.40%
High:	7,137.6	Best:	MPI +6.88%
Low:	7,039.1	2nd best:	RLC +5.47%
Close:	7,041.5	2nd worst:	SCC -3.60%
Val. traded (mn):	-	Worst:	JGS -3.83%

Fixed Income

- ✓ **Local fixed income yields** declined further after the Bureau of the Treasury auctioned off Php35 billion worth of Treasury bonds at lower interest rates. On average, yields went down by 2.44 bps, led by the belly of the curve which fell by 6.35 bps.

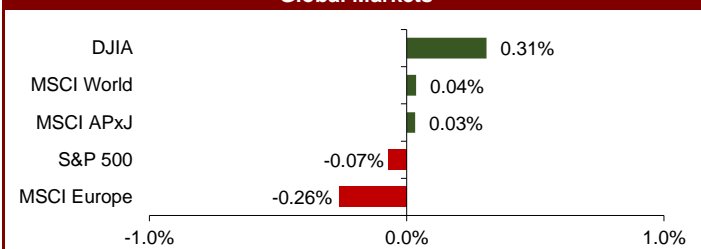
Philippine peso

- ✓ The **Philippine peso** continued to strengthen ahead of the release of the Philippine 4Q22 GDP data. The USD/PHP pair closed at 54.44 (-0.19% DoD).

OVERSEAS MARKETS

Global equities were mixed and US Treasury yields declined as investors digested corporate earnings results and monetary policy expectations. The US Dollar weakened as economic data from Japan and the United Kingdom bolstered the case for more interest rate hikes in those countries.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0062	4.6545	5 years	-0.0451	3.5749
6 months	+0.0112	4.8228	10 years	-0.0571	3.4527
2 years	-0.0171	4.2103	30 years	-0.0762	3.6043

- ✓ **US equities** were mixed as investors focused on the earnings results and assessed whether the US economy is slowing down. The S&P 500 closed at 4,016.95 (-0.07% DoD) and the DJIA closed at 33,733.96 (+0.31% DoD).
- ✓ **Asian equities** were relatively flat as investors assessed the US earnings results. The slight uptick was also driven by hopes of less aggressive rate hikes from the Fed. The MSCI APxJ closed at 551.74 (+0.03% DoD).
- ✓ **European equities** fell as signs of improved economic activity in the eurozone fueled speculation that the ECB may have more leeway in raising interest rates to combat inflation. The MSCI Europe closed at 152.15 (-0.26% DoD).
- ✓ **US Treasury yields** fell as investors digested the earnings results of some US companies. Market participants are also waiting for the tone of the Fed on the upcoming monetary policy meeting. On average, yields were down by 2.97 bps, with the 2Y closing at 4.21% (-1.71 bps) and the 10Y closing at 3.45% (-5.71 bps).
- ✓ The **US Dollar** weakened as economic data from Japan and the United Kingdom bolstered the case for more interest rate hikes in those countries. Japan posted a stronger-than-expected inflation print, while United Kingdom recorded an increase in its budget deficit amid higher debt costs and energy support. The DXY closed at 101.92 (-0.22% DoD).

www.bpiassetmanagement.com



This material, which is strictly for information purposes only, is for your sole use, does not constitute a recommendation or an offer to sell or a solicitation to buy any financial product. Any information is subject to change without notice and BPIAMTC is not under any obligation to update or keep current the information contained herein. You are advised to make your own independent judgment with respect to the matter contained in this document. No liability whatsoever is accepted for any loss that may arise (whether direct or consequential) from any use of the information contained herein.

All funds managed by BPI Asset Management & Trust Corp. and affiliates are Trust and/or Investment Management Funds, which do not carry any guarantee of income or principal, and are NOT covered by the Philippine Deposit Insurance Corporation. Past performance is not a guarantee of future results. BPIAMTC Investment Funds are valued daily using the marked-to-market method.