

March 1, 2023

## LOCAL MARKETS

Local equities fell following the MSCI rebalancing. Local fixed income yields rose on inflation fears. The Philippine peso strengthened on mixed US data.

### Key Events

- ✓ **The Bangko Sentral ng Pilipinas (BSP) said February local inflation likely settled within the 8.5% to 9.3% range.** This was expected to emanate from the elevated prices of LPG (liquefied petroleum gas) and key food items such as pork, fish, eggs, and sugar. If realized, local inflation would exceed the 2-4% target range for 11 consecutive months which may prompt the BSP to increase rates further to control inflation.
- ✓ **Semirara Mining & Power Corporation (SCC) reported a net income of Php39.9 billion in 2022.** This was up by 146% YoY but 11% lower than consensus expectation at Php44.8 billion. Earnings were driven by robust coal shipments and elevated spot electricity sales.

### Equities

- ✓ **Local equities** closed lower on last-minute profit taking after the MSCI rebalancing and amid the continued release of local corporate earnings. The PSEi closed at 6,556.20 (-0.65% DoD).

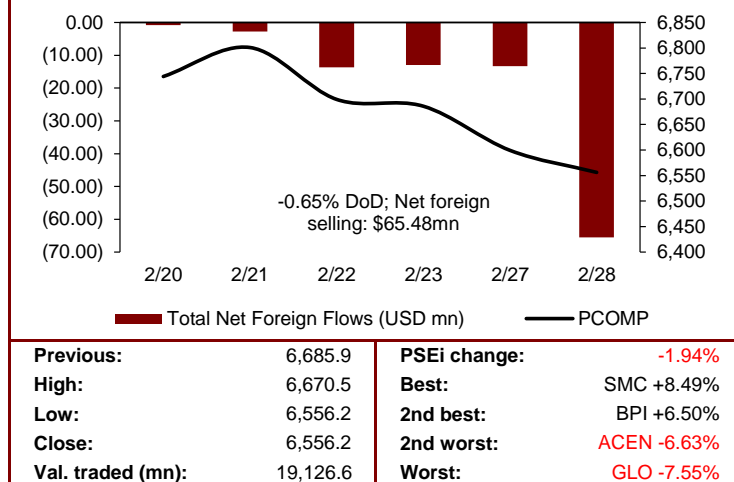
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0167	4.6027	5 years	+0.0199	6.0131
6 months	+0.0138	5.1606	7 years	+0.0398	6.1923
1 year	+0.0090	5.5771	10 years	+0.0133	6.3249
2 years	-0.0037	5.6430	20 years	+0.0391	6.5768
3 years	-0.0131	5.7751	30 years	+0.0320	6.5661
4 years	-0.0018	5.8950			

### Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.510	55.330	EUR/USD	1.0609
				1.0576

### PSEi Snapshot



### Fixed Income

- ✓ **Local fixed income yields** rose on inflation fears after the BSP said its median estimate for February inflation is 8.9%, higher than the 8.7% in January. On average, yields went up by 1.50 bps, led by the long-end which increased by 2.81 bps.

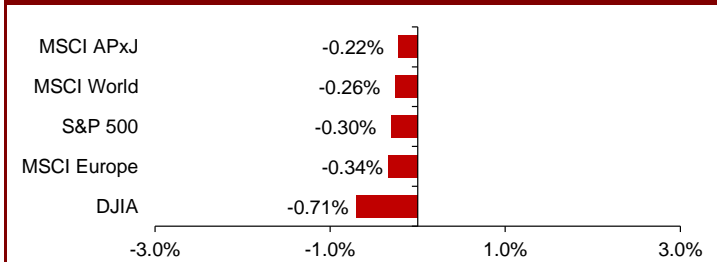
### Philippine peso

- ✓ The **Philippine peso** moderately strengthened on rate hike expectations following upbeat US pending home sales which rose 8.1% and new orders for non-defense capital goods excluding aircraft which jumped 0.8%. The USD/PHP pair closed at 55.33 (-0.32% DoD).

## OVERSEAS MARKETS

Global equities fell, US Treasury yields rose, and the US Dollar strengthened as market participants continued to assess economic outlook globally and digested data releases in the US and Europe.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0115	4.7687	5 years	+0.0141	4.1818
6 months	+0.0548	5.1189	10 years	+0.0059	3.9200
2 years	+0.0375	4.8158	30 years	-0.0102	3.9161

- ✓ **US equities** fell amid the surprise decline in consumer confidence and amid lingering fears on the Fed's policy rate outlook. The Conference Board's February consumer confidence index dropped to 102.9 from 106.0 in January, going lower than consensus expectation of 108.5. The S&P 500 closed at 3,970.15 (-0.30% DoD) and the DJIA closed at 32,656.70 (-0.71% DoD).
- ✓ **Asian equities** declined amid lingering rate hike fears as a slew of economic data reinforced the view that the Fed will keep policy rates higher for longer. The MSCI APxJ closed at 511.39 (-0.22% DoD).
- ✓ **European equities** fell after France and Spain reported higher-than-expected inflation figures. CPI in France and Spain increased by 7.2% and 6.1%, respectively, exceeding the consensus estimates of 7.0% and 5.5%. The MSCI Europe closed at 154.57 (-0.34% DoD).
- ✓ **US Treasury yields** rose as investors continued to assess the economic outlook of the US and wait for the policy decision of the Fed. On average, yields went up by 1.89 bps, with the 2Y closing at 4.82% (+3.75 bps) and the 10Y closing at 3.92% (+0.59 bps).
- ✓ The **US Dollar** rose on expectations that interest rates would remain high for some time as inflation remained stubbornly high and as recession fears kept investors on edge. The DXY closed at 104.87 (+0.19% DoD)