

March 14, 2023

LOCAL MARKETS

Local equities fell, local fixed income yields declined, and the Philippine peso slightly strengthened following the Silicon Valley Bank collapse.

Key Events

- ✓ The **Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI)** and **Truck Manufacturers Association (TMA)** reported that new vehicle sales rose to 30,905 units in February. This was higher than the 29,499 registered in January and the 24,304 reported in February 2022. The increase in auto sales was driven by the double-digit growth in sales of light commercial vehicles and Asian Utility Vehicles (AUVs).
- ✓ **ACEN Corp. (PSE Ticker: ACEN)** announced its plans to develop and operate large-scale hybrid wind-solar and round-the-clock renewable energy projects in India with the US-based renewable power company BrightNight. ACEN is investing \$250 million in India after teaming up with BrightNight to put up over 1.2 gigawatts (GW) of hybrid renewable energy portfolio in India.

Equities

- ✓ **Local equities** fell as investors worried over the global financial sector following the collapse of the US-based Silicon Valley Bank. Investors are also cautious ahead of the release of the US February inflation print. The PSEI closed at 6,544.45 (-0.69% DoD).

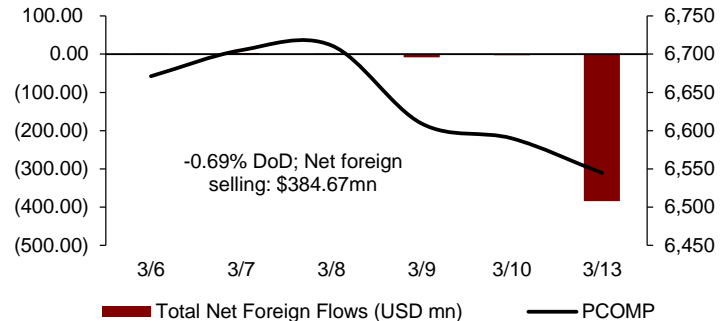
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.1282	4.8394	5 years	-0.1303	5.9789
6 months	+0.1607	5.4902	7 years	-0.1345	6.0774
1 year	+0.0692	5.7855	10 years	-0.1507	6.1868
2 years	-0.0448	5.8442	20 years	-0.1009	6.4881
3 years	-0.0846	5.8919	30 years	-0.1120	6.4694
4 years	-0.1145	5.9345			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.170	54.930	EUR/USD	1.0643
				1.0731

PSEI Snapshot



Previous:	6,589.9	PSEI change:	-0.69%
High:	6,600.0	Best:	AEV +4.37%
Low:	6,498.4	2nd best:	GTCAP +3.21%
Close:	6,544.5	2nd worst:	CNVRG -2.97%
Val. traded (mn):	3,403.7	Worst:	BPI -3.58%

Fixed Income

- ✓ **Local fixed income yields** declined as markets priced in dovish Fed bets following the collapse of SVB. On average, yields went down by 4.67 bps, led by the long-end which fell by 12.12 bps.

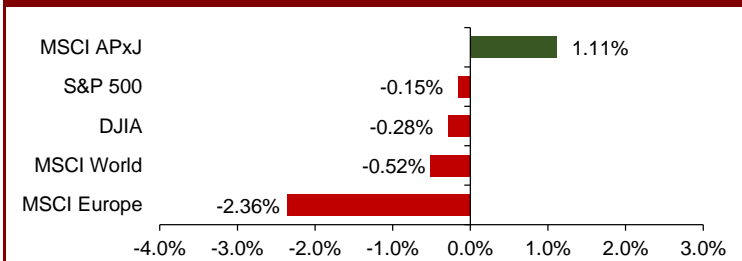
Philippine peso

- ✓ The **Philippine peso** strengthened amid dovish Fed bets as the shutdown of Silicon Valley Bank weighed on investors' confidence on the US Banking system. The USD/PHP pair closed at 54.93 (-0.44% DoD).

OVERSEAS MARKETS

Global equities mostly declined, US Treasury yields continued to fall, and the US Dollar weakened amid dampened risk appetite following the Silicon Valley Bank's shutdown, regulators' backstop plans, and increasing bets of less aggressive rate hikes from the Fed.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.1043	4.7650	5 years	-0.2656	3.6991
6 months	-0.4335	4.6127	10 years	-0.1255	3.5732
2 years	-0.6098	3.9764	30 years	-	-

- ✓ **US equities** slightly fell as bank stocks remained under pressure despite the US government's plans to enable depositors of the Silicon Valley Bank to have access to their deposits. However, losses were contained as investors raised bets that the US Fed would pause interest rate hikes following the distress in the financial sector. The S&P 500 closed at 3,855.76 (-0.15% DoD) and the DJIA closed at 31,819.14 (-0.28% DoD).
- ✓ **Asian equities** were mixed but rose on average as investors assessed US regulators' plans to backstop depositors and institutions associated with Silicon Valley Bank. Clients of SVB in Asia disclosed that they have limited exposure. The MSCI APxJ closed at 508.92 (+1.11% DoD).
- ✓ **European equities** fell driven by banking sector losses amid fears of contagion from the failure of US lender SVB Financial Group. The MSCI Europe closed at 148.66 (-2.36% DoD).
- ✓ **US Treasury yields** further declined as investors flocked to safer haven assets following the shutdown of the Silicon Valley Bank and regulators' plan to backstop affected depositors. On average, yields went down by 25.65 bps, with the 2Y closing at 3.98% (-60.98 bps) and the 10Y closing at 3.57% (-12.55 bps).
- ✓ The **US Dollar** weakened amid bets that the US Fed will be less aggressive in raising interest rates in the aftermath of Silicon Valley Bank's abrupt failure. The DXY closed at 103.60 (-0.94% DoD).

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