

March 22, 2023

LOCAL MARKETS

Local equities gained and local fixed income yields rose ahead of the central bank monetary policy decisions. The Philippine peso strengthened on easing global financial sector concerns.

Key Events

- ✓ **Moody's Analytics** cut its gross domestic product (GDP) forecast for the Philippines to 5.7% from its initial 7.1% forecast. The downward revision was driven by expectations of slower household consumption amid higher interest rates and faster inflation. The agency also raised its inflation forecast to 6.8% from its previous 5.3% estimate.
- ✓ **First Gen Corp. (PSE Ticker: FGEN)** announced that its subsidiary had signed an agreement with the Department of Environment and Natural Resources (DENR) to build a 120-megawatt (MW) pumped-storage hydroelectric facility in Pantabangan, Nueva Ecija. The agreement is valid for 25 years and may be renewed for another 25 years.

Equities

- ✓ **Local equities** rose as investors positioned ahead of the Bangko Sentral ng Pilipinas' (BSP) policy meeting on Thursday. Department of Finance Secretary Diokno also commented that the central bank may either hike rates by 25 bps or keep them unchanged. The PSEi closed at 6,530.75 (+1.24% DoD).

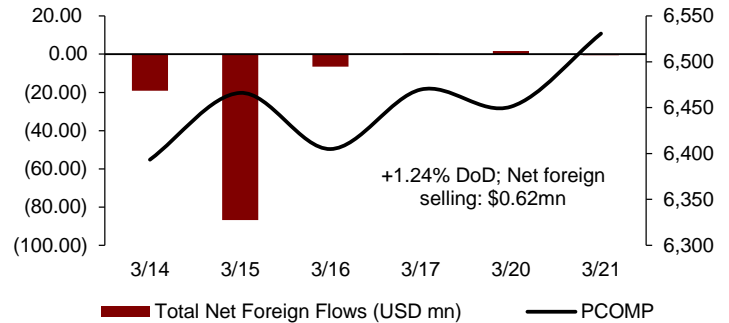
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0321	4.8915	5 years	+0.0130	6.0046
6 months	-0.0162	5.5551	7 years	+0.0361	6.1221
1 year	+0.0092	5.8165	10 years	+0.0226	6.2049
2 years	-0.0094	5.8686	20 years	+0.0799	6.6309
3 years	-0.0115	5.8963	30 years	+0.0998	6.6572
4 years	-0.0023	5.9439			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.675	54.440	EUR/USD	1.0721 1.0768

PSEi Snapshot



Previous:	6,451.0	PSEi change:	1.24%
High:	6,530.8	Best:	ACEN +4.20%
Low:	6,459.5	2nd best:	GLO +4.07%
Close:	6,530.8	2nd worst:	AEV -1.76%
Val. traded (mn):	3,642.7	Worst:	JGS -2.10%

Fixed Income

- ✓ **Local fixed income yields** continued to rise ahead of the FOMC meeting and BSP Monetary Board meeting. On average, yields rose by 1.72 bps, led by the long-end which went up by 6.74 bps.

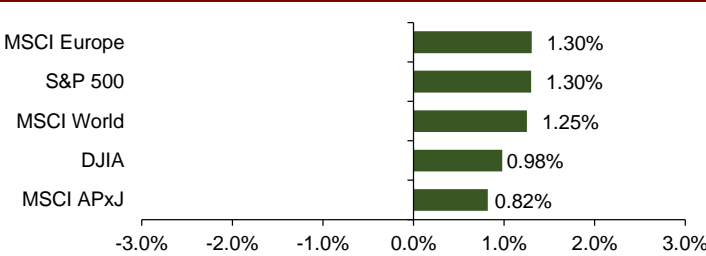
Philippine peso

- ✓ The **Philippine peso** strengthened as concerns over the global financial sector eased after news of UBS's rescue takeover of Credit Suisse lifted investors' sentiment. The USD/PHP pair closed at 54.44 (-0.43% DoD).

OVERSEAS MARKETS

Global equities gained, US Treasury yields rose, and the US Dollar weakened as investors closely watched the monetary policy decision of the US Fed and digested remarks of US Treasury Secretary Janet Yellen that the Government would be ready to provide further guarantees of deposits if the banking crisis worsens.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0864	4.6156	5 years	+0.1588	3.7480
6 months	+0.1177	4.8733	10 years	+0.1247	3.6094
2 years	+0.1901	4.1664	30 years	-	-

- ✓ **US equities** inched up amid positive sentiment from reassurance and hints from US Treasury Secretary Janet Yellen that the Government would back all deposits of smaller banks if needed. Investors also shifted their focus on the conclusion of the Federal Reserve monetary policy meeting. The S&P 500 closed at 4,002.87 (+1.30% DoD) and the DJIA closed at 32,560.60 (+0.98% DoD).
- ✓ **Asian equities** rebounded amid easing concerns over the banking sector following the rescue deal between UBS and Credit Suisse. The MSCI APxJ closed at 503.50 (+0.82% DoD).
- ✓ **European equities** went up as the banking sector rebounded and traders focused on this week's interest-rate announcements. The US Federal Reserve and the Bank of England are both expected to make policy rate decisions this week. The MSCI Europe closed at 149.91 (+1.30% DoD).
- ✓ **US Treasury yields** rose as investors waited for the US Fed monetary policy decision and weighed remarks from US Treasury Secretary Chairman Janet Yellen that the government is ready to provide further guarantees of deposits if the banking crisis worsens. On average, yields went up by 11.30 bps, with the 2Y closing at 4.17% (+19.01 bps) and the 10Y closing at 3.61% (+12.47 bps).
- ✓ The **US Dollar** marginally weakened as traders bet that the banking stress would prevent the US Fed from raising rates much more, if at all, later in the week. The DXY closed at 103.26 (-0.02% DoD)

www.bpiassetmanagement.com

