

March 24, 2023

## LOCAL MARKETS

Local equities fell, local fixed income yields were flat, and the Philippine peso strengthened as investors focused on the monetary policy decisions of the US Fed and the BSP.

### Key Events

- ✓ The **Bangko Sentral ng Pilipinas (BSP)** raised its benchmark rate by 25 basis points (bps) to 6.25% and hinted on a possible pause in the next meeting. The central bank also downgraded its average inflation forecast from 6.1% to 6.0% in 2023 and from 3.1% to 2.9% in 2024.
- ✓ **PLDT Inc.'s (PSE Ticker: TEL)** earnings fell by 60.2% to Php10.5 million in FY2022 due to the accelerated depreciation on its transport network, 2G/3G assets, old fiber optic cables and legacy network equipment. The company has set aside Php80 billion to Php85 billion for capital expenditure projects in 2023, down from Php96.8 billion last year.

### Equities

- ✓ **Local equities** fell as investors weighed the US Fed's 25-bp rate hike and braced for the BSP's policy move which was announced after trading hours. The PSEi closed at 6,536.36 (-0.15% DoD).

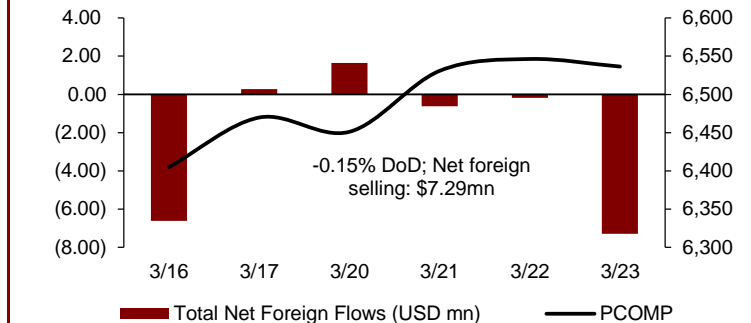
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0501	4.9487	5 years	+0.0120	6.0167
6 months	-0.0152	5.5932	7 years	+0.0001	6.1221
1 year	+0.0203	5.9221	10 years	-0.0198	6.1965
2 years	-0.0161	5.8750	20 years	-0.0112	6.6084
3 years	-0.0049	5.9037	30 years	-0.0115	6.6245
4 years	+0.0063	5.9544			

### Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.500	54.270	EUR/USD	1.0856
				1.0831

### PSEi Snapshot



<b>Previous:</b>	6,546.3	<b>PSEi change:</b>	-0.15%
<b>High:</b>	6,536.4	<b>Best:</b>	AEV +1.85%
<b>Low:</b>	6,494.1	<b>2nd best:</b>	BPI +1.74%
<b>Close:</b>	6,536.4	<b>2nd worst:</b>	WLCON -4.06%
<b>Val. traded (mn):</b>	2,627.5	<b>Worst:</b>	DMC -4.14%

### Fixed Income

- ✓ **Local fixed income yields** were mixed but marginally flat as investors assessed the 25-bps rate hike by the BSP, bringing the current policy rate to 6.25%. On average, yields rose by 0.09 bps, led by the short-end which went up by 0.98 bps.

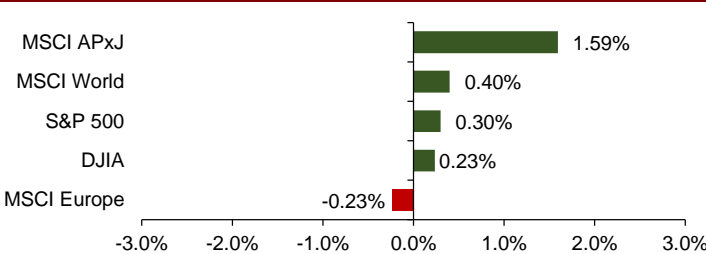
### Philippine peso

- ✓ The **Philippine peso** slightly strengthened as investors digested the 25-bps interest rate hike by the BSP and less hawkish hints from the Fed which suggests that it could consider pausing rate hikes in consideration of the recent fallout in the banking sector. The USD/PHP pair closed at 54.27 (-0.42% DoD).

## OVERSEAS MARKETS

Global equities were mixed, US Treasury yields fell, and the US Dollar strengthened as investors digested the 25-bp rate hike by the US Fed.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0628	4.5963	5 years	-0.0722	3.4392
6 months	-0.0806	4.7261	10 years	-0.0075	3.4266
2 years	-0.1037	3.8330	30 years	+0.0462	3.6978

- ✓ **US equities** rose amid bets that the US Federal Reserve may be nearing the end of its rate hiking cycle following the recent 25-bp interest rate hike. Investors also continued to assess developments in the banking sector. The S&P 500 closed at 3,948.72 (+0.30% DoD) and the DJIA closed at 32,105.25 (+0.23% DoD).
- ✓ **Asian equities** were mixed but gained on average as investors digested the Fed's recent 25-bp rate hike. Hong Kong stocks led gains. The MSCI APxJ closed at 517.82 (+1.59% DoD).
- ✓ **European equities** closed lower as investors digested the latest interest rate hike by the US Federal Reserve and the Bank of England. The MSCI Europe closed at 149.87 (-0.23% DoD).
- ✓ **US Treasury yields** fell as investors digested the Fed's 25-bp rate hike and assessed hints that the central bank may be nearing the end of its rate hike cycle. On average, yields went down by 4.68 bps, with the 2Y closing at 3.83% (-10.37 bps) and the 10Y closing at 3.43% (-0.75 bps).
- ✓ The **US Dollar** strengthened as investors weighed the Fed's monetary policy decision and looked ahead of the preliminary readings for the March PMI and Durable Goods Orders data. The DXY closed at 102.53 (+0.18% DoD).

www.bpiassetmanagement.com

