

March 28, 2023

LOCAL MARKETS

Local equities fell as investors weighed lingering global banking sector concerns and dovish comments from Finance Secretary Diokno. Local fixed income yields rose and the Philippine peso strengthened after S&P Global Ratings raised its Philippine economic growth forecasts.

Key Events

- ✓ **S&P Global Ratings** raised its 2023 economic growth forecast for the Philippines to 5.8% from previously 5.2%. S&P cited the prolonged momentum of domestic demand as the main reason for the revision. However, it also warned that high inflation and interest rates may weigh down on growth. The agency is also expecting the central bank to raise the policy rate to 6.5% amid high core inflation.
- ✓ **MREIT, Inc. (PSE Ticker: MREIT)** has secured the approval from the Securities and Exchange Commission to acquire four Philippine Economic Zone Authority-accredited properties with a total value of Php5.3 billion through a property-for-share swap. The acquisition will raise MREIT's asset portfolio by 16% to 325,000 square meters and will increase the number of office properties under the company to 18.

Equities

- ✓ **Local equities** marginally fell as investors remained cautious over lingering concerns in the global banking sector. Investors also digested dovish comments from Finance Secretary Diokno saying that the BSP may pause rate hikes in the next meeting. The PSEi closed at 6,595.03 (-0.11% DoD).

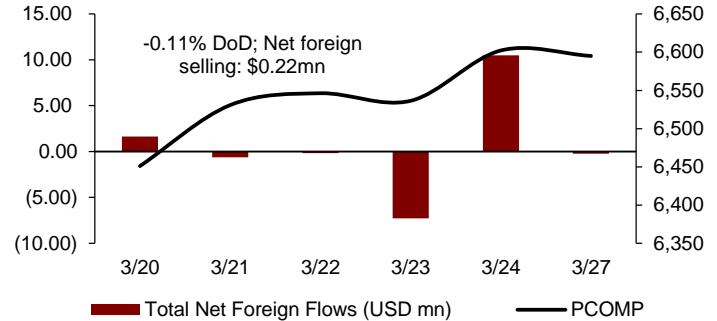
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0529	5.0195	5 years	-0.0053	6.0121
6 months	+0.0643	5.6230	7 years	-	6.1251
1 year	+0.0201	5.9598	10 years	+0.0156	6.2034
2 years	-0.0043	5.8582	20 years	+0.0044	6.6205
3 years	+0.0058	5.9003	30 years	+0.0042	6.6351
4 years	+0.0015	5.9520			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.350	54.290	EUR/USD	1.0760 1.0798

PSEi Snapshot



Previous:	6,602.2	PSEi change:	-0.11%
High:	6,598.7	Best:	SCC +2.31%
Low:	6,568.7	2nd best:	WLCON +1.65%
Close:	6,595.0	2nd worst:	CNVRG -2.34%
Val. traded (mn):	2,616.3	Worst:	JGS -2.76%

Fixed Income

- ✓ **Local fixed income yields** rose after S&P Global Ratings raised its economic growth expectations for the Philippines. On average, yields rose by 1.45 bps, led by the short end of the curve which went up by 3.33 bps.

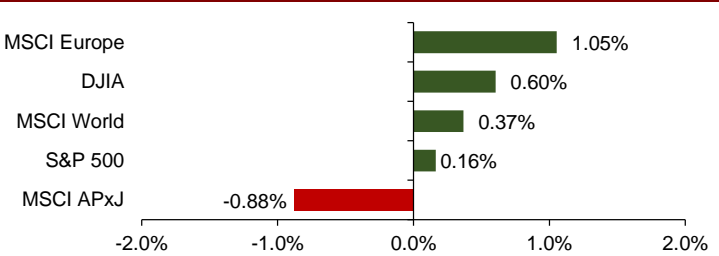
Philippine peso

- ✓ The **Philippine peso** strengthened amid optimism after S&P Global Ratings upgraded the Philippine economy's growth forecast to 5.8% in 2023. The USD/PHP pair closed at 54.29 (-0.11% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields rose, and the US Dollar weakened as investors continued to digest developments in the global banking sector.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0382	4.6509	5 years	+0.1836	3.5911
6 months	+0.1111	4.8035	10 years	+0.1537	3.5299
2 years	+0.2285	3.9952	30 years	+0.1166	3.7604

- ✓ **US equities** gained as banking sector fears subsided following the news that First Citizens Bancshares would take on the deposits and loans of Silicon Valley Bank. The S&P 500 closed at 3,977.53 (+0.16% DoD) and the DJIA closed at 32,432.08 (+0.60% DoD).
- ✓ **Asian equities** fell as investors remained cautious and continued to weigh the health of the banking sector after the sell-off of Deutsche Bank shares. The MSCI APxJ closed at 509.68 (-0.88% DoD).
- ✓ **European equities** went up amid improved market sentiment after US lender First Citizens purchased the majority of its rival Silicon Valley Bank. The MSCI Europe closed at 149.49 (+1.05% DoD). The MSCI Europe closed at 146.57 (-2.87% DoD).
- ✓ **US Treasury yields** rose amid easing concerns in the banking sector after the US Federal Deposit Insurance Corporation announced that First Citizens Bank & Trust Co. would purchase deposits and loans held by Silicon Valley Bank. On average, yields went up by 13.86 bps, with the 2Y closing at 4.00% (+22.85 bps) and the 10Y closing at 3.53% (+15.37 bps).
- ✓ The **US Dollar** weakened as easing financial sector concerns prompted a stock market rally and reduced safe-haven demand. The DXY closed at 102.86 (-0.25% DoD).