

March 30, 2023

LOCAL MARKETS

Local equities gained and local fixed income yields fell on easing inflation concerns. The Philippine peso was unchanged amid mixed investors' sentiment.

Key Events

- ✓ The **Bureau of the Treasury** seeks to borrow Php160 billion from domestic borrowers in April, lower than the Php176.7 billion borrowed this March. Our of the Php160 billion, Php60 billion will be in Treasury bills, while Php100 billion will be in Treasury bonds. The Government is set to borrow Php1.654 trillion from the domestic market this year.
- ✓ **Manila Electric Co. (PSE: MER)** has signed a one-year 300-megawatt (MW) capacity emergency power supply agreement (EPSA) with South Premiere Power Corp. (SPPC). This will partially replace the 670-MW lost from another contract with SPPC signed in 2019. The EPSA is effective from March 26, 2023 to March 25, 2024.

Equities

- ✓ **Local equities** extended gains amid expectations of easing monetary policy from the US Fed and the Bangko Sentral ng Pilipinas (BSP) as inflation shows signs of abating. The PSEi closed at 6,630.97 (+0.42% DoD).

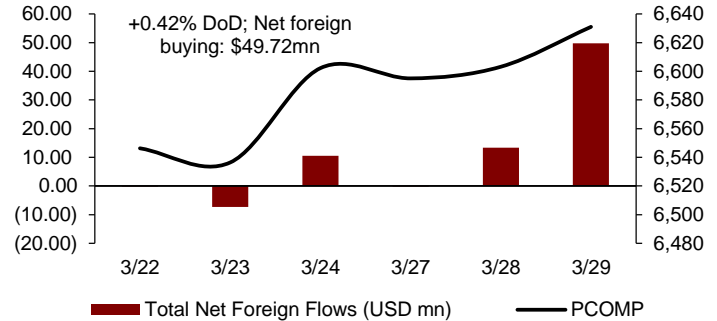
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0027	5.0364	5 years	-0.0125	5.9936
6 months	+0.0124	5.6069	7 years	-0.0111	6.1160
1 year	+0.0331	6.0101	10 years	-0.0062	6.2591
2 years	-0.0080	5.8478	20 years	-0.0508	6.5995
3 years	-0.0051	5.8932	30 years	-0.0506	6.6104
4 years	-0.0087	5.9398			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.450	54.450	EUR/USD	1.0845
				1.0844

PSEi Snapshot



Previous:	6,603.2	PSEi change:	0.42%
High:	6,631.0	Best:	JGS +3.35%
Low:	6,590.1	2nd best:	AEV +3.00%
Close:	6,631.0	2nd worst:	ACEN -1.23%
Val. traded (mn):	3,145.3	Worst:	JFC -2.06%

Fixed Income

- ✓ **Local fixed income yields** fell as markets price in easing inflation. Monetary Board member and Finance Secretary Diokno said the BSP may pause its tightening cycle in May, while BSP Governor Medalla hinted possible rate cuts towards year-end if monthly inflation returns to the government's target. On average, yields fell by 1.00 bps, led by the long-end of the curve which went down by 3.59 bps.

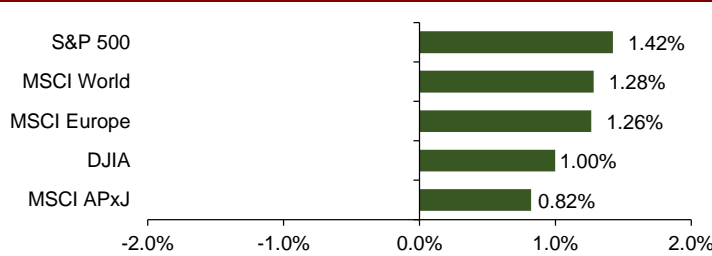
Philippine peso

- ✓ The **Philippine peso** was flat amid mixed sentiment over easing concerns in the global banking sector and lingering recession worries. Investors also digested the US consumer confidence data which improved in March and signs of the US labor market remaining tight. The USD/PHP pair closed at 54.45 (0.00% DoD).

OVERSEAS MARKETS

Global equities rose, US Treasury yields went up, and the US Dollar strengthened amid waning fears on the banking sector turmoil and as investors watch out for the inflation data to be released on Friday.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0772	4.7239	5 years	+0.0062	3.6819
6 months	+0.0186	4.8253	10 years	-0.0057	3.5639
2 years	+0.0206	4.0989	30 years	-0.0107	3.7587

- ✓ **US equities** rebounded as investors positioned ahead of the inflation print to be released this Friday and as waning fears on the banking sector helped boost sentiment. The S&P 500 closed at 4,027.81 (+1.42% DoD) and the DJIA closed at 32,717.60 (+1.00% DoD).
- ✓ **Asian equities** extended gains, led by Hong Kong shares, after Alibaba announced that it will split into six business groups. The announcement boosted sentiment in the market and was seen as a move by the Chinese Government to support its private sector. The MSCI APxJ closed at 517.71 (+0.82% DoD).
- ✓ **European equities** rose as investors' concerns about the soundness of the banking sector subsided. The MSCI Europe closed at 151.32 (+1.26% DoD).
- ✓ **US Treasury yields** rose as investors assessed the containment of the recent banking turmoil and the impact of stricter lending standards from recent bank collapses on Fed policy. This was also ahead of the US inflation data release. On average, yields went up by 4.83 bps, with the 2Y closing at 4.10% (+2.06 bps) and the 10Y closing at 3.56% (-0.57 bps).
- ✓ The **US Dollar** strengthened as easing banking fears rekindled investors' hopes that central banks would focus on curbing inflation. The DXY closed at 102.64 (+0.21% DoD)

