

March 16, 2023

LOCAL MARKETS

Local equities rose and the Philippine peso strengthened after US inflation settled within expectations. Local fixed income yields rose on bargain hunting.

Key Events

- ✓ The **Bangko Sentral ng Pilipinas (BSP)** reported that overseas Filipino workers (OFW) cash remittances went up to \$2.76 billion in January, slightly higher than the \$2.67 billion recorded in January 2022. However, month-on-month growth has slowed to 3.5% from 5.8% in December 2022. In 2023, the BSP expects a 4.0% year-on-year growth in remittances growth in 2023.
- ✓ **Metro Pacific Investment Corp's (PSE Ticker: MPI)** subsidiary Maynilad Water Services Inc. plans to spend Php178 billion on its wastewater management program from 2023 to 2046. This was aimed to expand sewer coverage and manage water pollution. Maynilad also stated that it intends to build 18 new sewage treatment plants within its concession area.

Equities

- ✓ **Local equities** rose after the US February inflation print came in line with expectations at 0.4% MoM which increased bets of slower pace of rate hikes from the US Fed. The PSEi closed at 6,466.10 (+1.14% DoD).

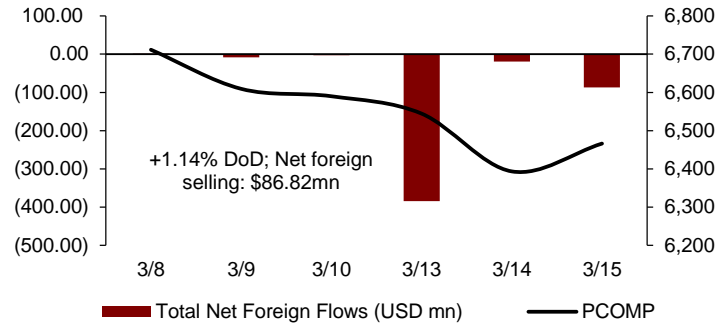
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0122	4.8173	5 years	+0.0218	5.9779
6 months	+0.0227	5.4344	7 years	+0.0202	6.0601
1 year	-0.0066	5.7826	10 years	+0.0543	6.2208
2 years	+0.0344	5.8686	20 years	+0.1448	6.5752
3 years	+0.0271	5.9103	30 years	+0.1649	6.5934
4 years	+0.0234	5.9448			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.080	54.950	EUR/USD	1.0733 1.0577

PSEi Snapshot



Previous:	6,393.3	PSEi change:	1.14%
High:	6,513.3	Best:	JGS +5.59%
Low:	6,434.9	2nd best:	BDO +4.10%
Close:	6,466.1	2nd worst:	MPI -4.00%
Val. traded (mn):	4,829.7	Worst:	WLCON -5.17%

Fixed Income

- ✓ **Local fixed income yields** rose on bargain hunting as prices remained depressed following the SVB collapse and subsequent contagion fears. On average, yields went up by 4.72 bps, led by the long-end which fell by 12.13 bps.

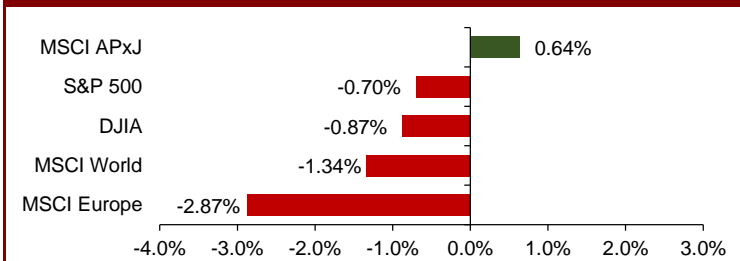
Philippine peso

- ✓ The **Philippine peso** strengthened on dovish Fed bets after the latest US inflation data came in-line with expectations. Expectations of slower rate hikes from the Fed amid concerns over the stability of the US banking sector also supported the local currency. The USD/PHP pair closed at 54.95 (-0.24% DoD).

OVERSEAS MARKETS

Global equities mostly fell, US Treasury yields declined, and the US Dollar strengthened as investors digested recent developments in the US banking sector.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.1459	4.6098	5 years	-0.3021	3.5509
6 months	-0.3248	4.5485	10 years	-0.2344	3.4548
2 years	-0.3630	3.8874	30 years	-	-

- ✓ **US equities** fell on renewed concerns on the banking sector amid Credit Suisse jitters after Saudi National Bank ruled out further assistance due to regulatory and statutory reasons. Nonetheless, Swiss central bank signaled support in case needed. The S&P 500 closed at 3,891.93 (-0.70% DoD) and the DJIA closed at 31,874.57 (-0.87% DoD).
- ✓ **Asian equities** slightly rebounded as hawkish rate hike bets scaled back amid cooling US inflation. Contagion fears following the collapse of Silicon Valley Bank tempered gains. The MSCI APxJ closed at 503.29 (+0.64% DoD).
- ✓ **European equities** slumped, with banking companies falling into negative territory, amid the worldwide Silicon Valley Bank debacle and Credit Suisse concerns. The MSCI Europe closed at 146.57 (-2.87% DoD).
- ✓ **US Treasury yields** fell as the Credit Suisse downturn renewed concerns on the banking sector. On average, yields went down by 22.84 bps, with the 2Y closing at 3.89% (-36.30 bps) and the 10Y closing at 3.45% (-23.44 bps).
- ✓ The **US Dollar** strengthened on safe haven buying after Credit Suisse's stock fell following the disclosure of "weaknesses" in its financial reporting which rekindled contagion fears. The DXY closed at 104.65 (+1.01% DoD).

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