

May 2, 2023

LOCAL MARKETS

Local equities rose on positive corporate earnings results. Local fixed income yields fell, and the Philippine peso strengthened ahead of the April inflation print.

Key Events

- ✓ The **Bangko Sentral ng Pilipinas (BSP)** expects inflation settled between 6.3% and 7.1% in April (BSP median: 6.7% vs. Bloomberg consensus: 7.0%) from 7.6% in March. The BSP cited a decline in fish & vegetable prices, as well as rollbacks in liquified petroleum gas to be the drivers, while upside risks include higher meat & rice prices, as well as peso depreciation.
- ✓ **ACEN Corp.'s (PSE Ticker: ACEN)** subsidiary, ENEX Energy Corp., is planning to participate in **Manila Electric Co.'s (PSE Ticker: MER)** power auction. The company is looking to participate through Batangas Clean Energy, Inc. (BCE), a gas-fired plant which is a 50-50 joint venture between ENEX and Gen-X Energy LLC.

Equities

- ✓ **Local equities** moderately rose as investors anticipated positive corporate earnings results for 1Q23. The market also looked ahead to the Philippine inflation report, to be released this week, to assess the BSP's policy direction. The PSEi closed at 6,625.08 (+0.63% DoD).

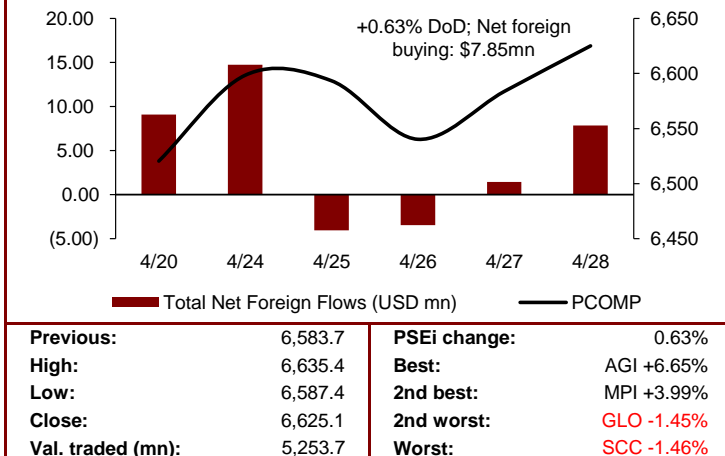
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0271	5.8194	5 years	-0.0077	5.9571
6 months	+0.0130	6.0120	7 years	-0.0088	5.9963
1 year	-0.0080	6.1419	10 years	-0.0188	6.1046
2 years	-0.0046	6.0195	20 years	-0.0387	6.3093
3 years	-0.0100	5.9793	30 years	-0.0421	6.3042
4 years	-0.0088	5.9606			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.720	55.380	EUR/USD	1.1019	1.0976

PSEi Snapshot



Fixed Income

- ✓ **Local fixed income yields** were mixed but fell on average as the BSP released its inflation estimates for April which if realized, will mark a deceleration from the 7.6% inflation print in March. On average, yields fell by 0.98 bps, led by the long end of the curve which went down by 3.32 bps.

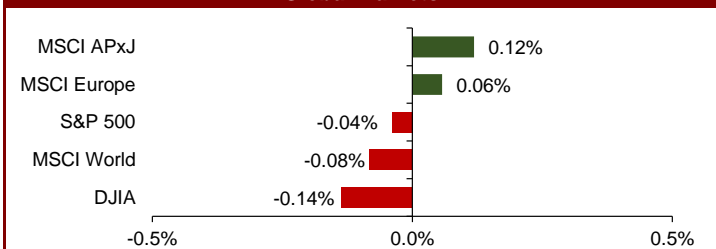
Philippine peso

- ✓ The **Philippine Peso** strengthened ahead of the long weekend and the local inflation data release. The USD/PHP pair closed at 55.38 (-0.61% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields rose, and the US Dollar strengthened as investors assessed corporate & macroeconomic developments while watching out for cues on the upcoming US Fed policy meeting.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0189	5.0113	5 years	+0.1517	3.6345
6 months	+0.0687	5.0700	10 years	+0.1461	3.5681
2 years	+0.1343	4.1407	30 years	+0.1348	3.8081

- ✓ **US equities** slipped as investors assessed JPMorgan Chase's takeover of First Republic Bank. The market is also looking ahead to several corporate earnings results from large-cap names this week. The S&P 500 closed at 4,167.87 (-0.04% DoD) and the DJIA closed at 34,051.70 (-0.14% DoD).
- ✓ **Asian equities** moderately rose on Friday after the Bank of Japan (BOJ) decided to keep its policy rates unchanged. Trading resumes in most markets after the Labor Day weekend, while China's stock exchanges will remain closed until Wednesday. The MSCI APxJ closed at 515.18 (+0.12% DoD).
- ✓ **European equities** slightly rose as investors weighed preliminary Eurozone GDP growth for 1Q2023, up 0.1% QoQ, and corporate earnings releases. The MSCI Europe closed at 156.95 (+0.06% DoD).
- ✓ **US Treasury yields** rose ahead of the US Fed policy meeting this week with the market expecting a 25-bp rate hike from the central bank. On average, yields rose by 10.28 bps, with the 2Y closing at 4.14% (+13.43 bps) and the 10Y closing at 3.57% (+14.61 bps).
- ✓ The **US Dollar** strengthened as investors anticipated another rate hike in the US Fed's upcoming policy meeting. The DXY closed at 102.15 (+0.48% DoD).

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