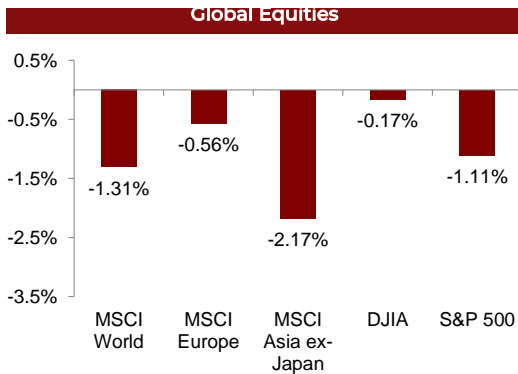


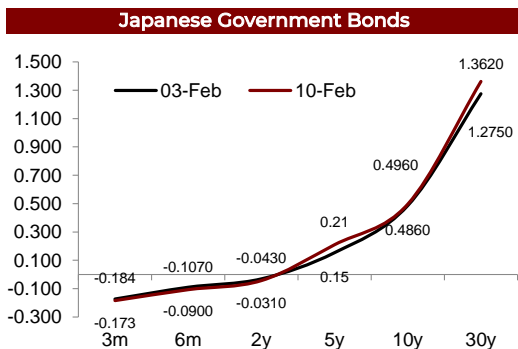
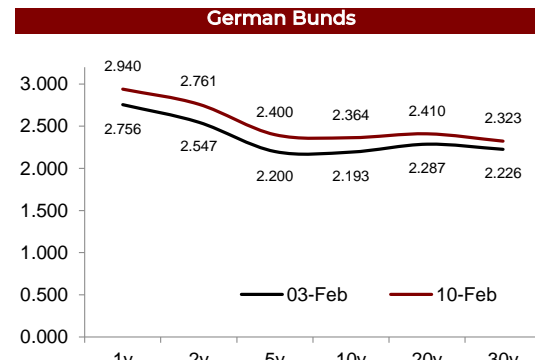
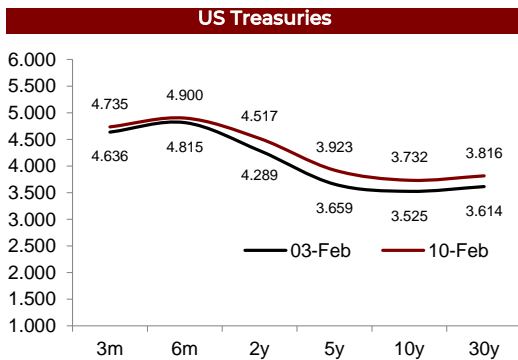
# THE WEEKLY REVIEW

February 13, 2023

**Global equities fell and global yields were mixed as investors weighed mixed corporate earnings, economic data releases, and remarks from US Fed officials. Global oil prices rose after Russia announced plans to cut oil production.**



- ✓ **US equities** fell as investors digested mixed corporate earnings results. This was also after the strong US jobs report raised concerns that the Fed may continue to hike interest rates. The DJIA closed at 33,869.27 (-0.17% WoW), while the S&P 500 closed at 4,090.46 (-1.11% WoW).
- ✓ **Asian equities** fell amid expectations of further monetary tightening following hawkish comments from Fed officials. Investors were also concerned about lingering tensions between the United States and China. The MSCI APxJ closed at 541.67 (-2.17% WoW).
- ✓ **European equities** declined as investors raised concerns over a prolonged period of interest rate hikes. Weak economic data in the United Kingdom also dampened market sentiment. The MSCI Europe closed at 153.64 (-0.56% WoW).



- ✓ **US Treasury yields** rose following the stronger-than-expected US jobs data and hawkish comments from the US Fed. Investors also digested the improvement in the University of Michigan consumer sentiment index which rose to 66.4 in February from 64.9 in January. On average, yields rose by 18.08 bps WoW with the 10Y closing at 3.73% (+20.74 bps).
- ✓ **German bund yields** climbed as investors digested the European Central Bank's hawkish cues. However, yields were capped after a softer German inflation reading alleviated tightening fears. On average, yields rose by 16.48 bps WoW with the 10Y closing at 2.36% (+17.10 bps).
- ✓ **Japanese bond yields** were mixed but fell on average following the appointment of Kazuo Ueda as the next Bank of Japan (BOJ) governor. On average, yields went down by 1.88 bps WoW with the 10Y closing at 0.50% (+1.00 bps).
- ✓ **Key events that transpired during the week:**
- ✓ The US Bureau of Labor Statistics revised its seasonally adjusted estimates for the December Consumer Price Index (CPI). **The adjustments showed that December CPI rose 0.1% MoM, instead of the initially reported 0.1% decline.** Year-on-year data which is not seasonally adjusted was not revised.
- ✓ **German inflation slowed down to 9.2% in January** amid government aid for gas and heating bills. This was below the 9.6% print in December and consensus estimate of 10%.

- ✓ **Global oil prices** rose after Russia announced plans to cut oil production next month in response to price caps imposed by the West on the country's crude and fuel. Brent oil closed at \$86.39 per barrel (+8.07% WoW), while WTI crude closed at \$79.72 per barrel (+8.63% WoW).

### Commodities

\$bbl	10-Feb-2023	% Change
Brent	86.39	8.07%
WTI	79.72	8.63%
BBG Commodity index	108.68	1.50%

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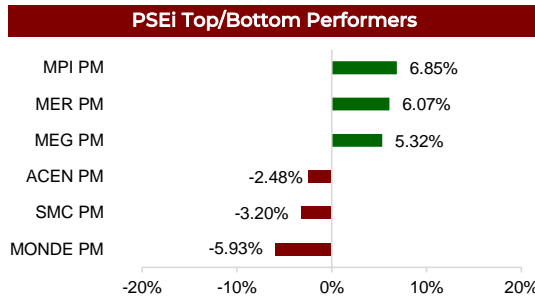
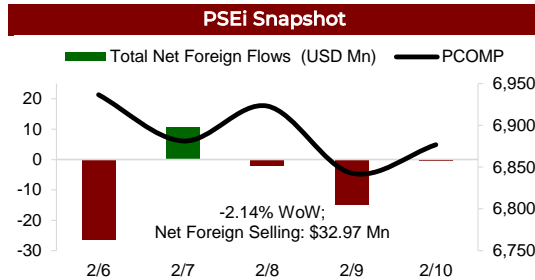
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# THE WEEKLY REVIEW

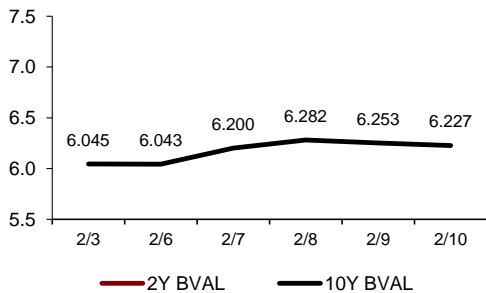
February 13, 2023

**Local equities fell, local fixed income yields rose, and the Philippine peso weakened after the faster-than-expected January inflation print.**

- ✓ **Local equities** fell amid profit taking. Investors also digested the faster-than-expected January inflation data which raised bets of another large interest rate hike by the Bangko Sentral ng Pilipinas (BSP). The PSEi closed at 6,876.79 (-2.14% WoW).
- ✓ Top performers were Metro Pacific Investments Corporation (PSE Ticker: MPI; +6.85%), Manila Electric Company (MER; +6.07%), and Megaworld Corporation (MEG; +5.32%). Meanwhile, ACEN Corporation (PSE Ticker: ACEN; -2.48%), San Miguel Corporation (SMC; -3.20%), and Monde Nissin Corporation (MONDE; -5.93%) were the laggards of the week.
- ✓ **Key events that transpired during the week:**
- ✓ **Globe Telecom Inc. (PSE Ticker: GLO)** reported a net income of Php34.6 billion in 2022, up by 46% from the previous year driven by one-time net gains from asset sales. The proceeds of the asset sales include a Php8.4 billion partial sale of GLO's data center business and a Php6.2 billion gain from the sale and leaseback of tower assets. Excluding these, normalized net income would have been Php19.2 billion.
- ✓ **Metro Pacific Investments Corp. (PSE Ticker: MPI)** has partnered with CIMIC Group and signed a construction deal for the Php6.1 billion Candaba third viaduct project. Construction works of the project will start within the first quarter of 2023 until 2024.



## Local Bond Market Movements

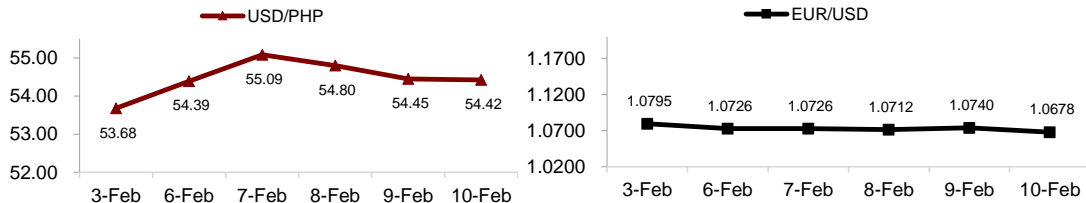


- ✓ **Local fixed income yields** went up amid bets of a larger rate hike from the BSP after headline inflation surged to a 14-year high of 8.7% in January. Investors also digested the Bureau of the Treasury's 5.5-year retail treasury bond. On average, yields rose by 9.14 bps WoW with the 10Y closing at 6.23% (+18.23 bps).
- ✓ **Key events that happened during the week:**
- ✓ **The Philippine Statistics Authority (PSA)** reported that headline local inflation increased to a 14-year high of 8.7% in January from previously 8.1% in December 2022. The rise was driven by the continued surge in food inflation and higher housing rentals. The January print was above the Bangko Sentral ng Pilipinas' (BSP) forecast of 7.5% to 8.3%.
- ✓ **The Philippine Statistics Authority (PSA)** reported that the **Philippine unemployment rate fell to a three-year low of 5.4% in 2022**. In December, the unemployment rate stood at 4.3%, higher than November's 4.2% but lower than the 6.6% recorded in December 2021.

## Foreign Exchange

Pair	Previous Close 02/03/23	Closing 02/10/23
USD/PHP	53.680	54.420
EUR/USD	1.0795	1.0678

## Foreign Exchange



Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones, The Wall Street Journal, CNBC

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