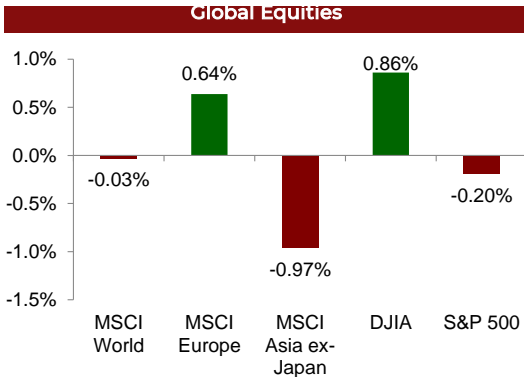


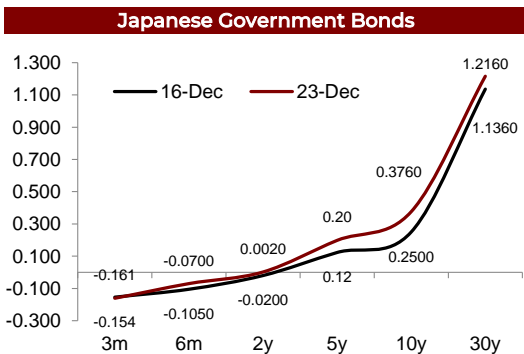
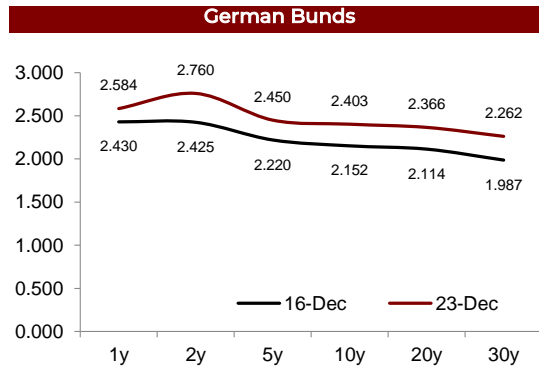
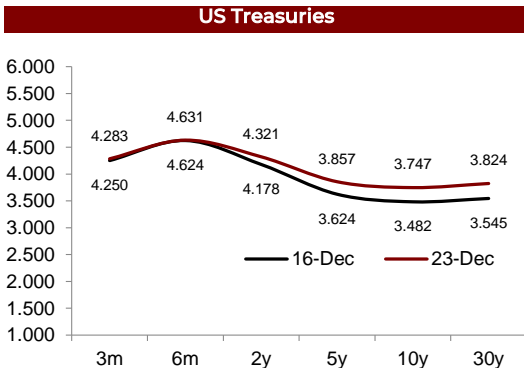
THE WEEKLY REVIEW

January 9, 2023

Global equities gained and global yields were mixed as investors digested economic data releases, the relaxation of strict COVID-19 curbs in China, and the Bank of Japan's decision to widen its 10-year yield target band. Global oil prices fell amid global recession fears.



- ✓ **US equities** rose as investors digested the slightly higher-than-expected jobs report. The US nonfarm payroll increased by 223k in December, higher than the Dow Jones estimates of 220k. The DJIA closed at 33,630.61 (+1.46% WoW), while the S&P 500 closed at 3,895.08 (+1.45% WoW).
- ✓ **Asian equities** gained amid optimism after China relaxed its COVID-19 restrictions. Moreover, investors were also hopeful that the tech crackdown would ease after officials allowed Ant Group to raise \$1.5 billion in funding. The MSCI APxJ closed at 522.43 (+3.32% WoW).
- ✓ **European equities** gained on easing inflation pressures as flash eurozone inflation was slower-than-expected and as gas prices hit pre-war levels. The MSCI Europe closed at 149.25 (+4.74% WoW).



- ✓ **US Treasury yields** dropped as investors digested the December ISM Manufacturing Index which stood at the contractionary territory at 48.4, lower than 49 reported in November. On average, yields dropped by 13.47 bps WoW with the 10Y at 3.56% (-31.68 bps).
- ✓ **German bund yields** fell on cooler-than-expected inflation amid slowing energy prices. Preliminary harmonized German consumer prices in December rose by 9.6%, lower than consensus expectation of 10.7%. On average, yields fell by 24.78 bps WoW with the 10Y closing at 2.21% (-36.1 bps).
- ✓ **Japanese bond yields** rose as investors continued to digest the Bank of Japan's surprise decision to widen its target band for 10-year yields. On average, yields went up by 0.98 bps WoW with the 10Y closing at a seven-year high of 0.50% (+8.60 bps).
- ✓ **Key events that transpired during the week:**
- ✓ **The US unemployment rate declined to 3.5% in December from 3.7% the month prior.** Bloomberg consensus expected a flat unemployment rate of 3.7%.
- ✓ **Flash eurozone CPI decelerated to 9.2% in December, lower than consensus expectations of 9.5%.** Energy prices growth are seen to be the main drag, as price growth is expected to decelerate to 25.7% in December from 34.9% in November.

- ✓ **Global oil prices** declined amid concerns on the slowing global economy and persisting COVID-19 worries in China. Brent oil closed at \$78.57 per barrel (-8.54% WoW), while WTI crude closed at \$73.77 per barrel (-8.09% WoW).

Commodities

\$bbl	23-Dec-2022	% Change
Brent	83.92	6.17%
WTI	79.56	7.09%
BBG Commodity index	112.56	-0.14%

www.bpiassetmanagement.com



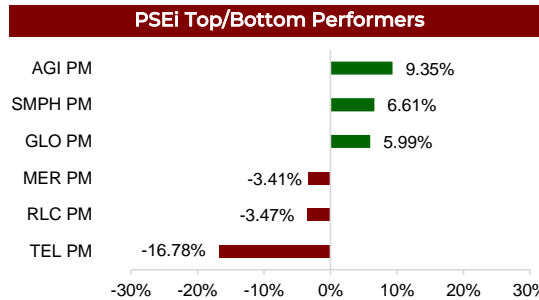
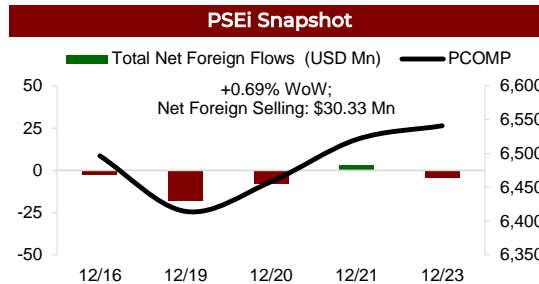
This material, which is strictly for information purposes only, is for your sole use, does not constitute a recommendation or an offer to sell or a solicitation to buy any financial product. Any information is subject to change without notice and BPI is not under any obligation to update or keep current the information contained herein. You are advised to make your own independent judgment with respect to the matter contained in this document. No liability whatsoever is accepted for any loss that may arise (whether direct or consequential) from any use of the information contained herein. All funds managed by BPI Asset Management and affiliates are Trust and/or Investment Management Funds, which do not carry any guarantee of income or principal, and are NOT covered by the Philippine Deposit Insurance Corporation. Past performance is not a guarantee of future results. BPI Investment Funds are valued daily using the marked-to-market method.

THE WEEKLY REVIEW

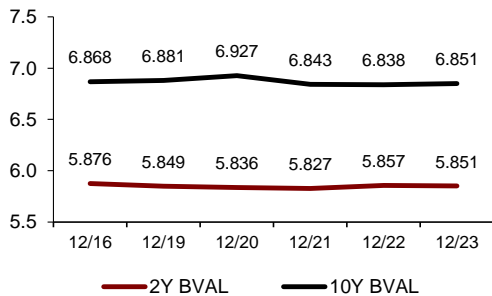
January 9, 2023

Local equities gained, local fixed income yields rose, and the Philippine peso strengthened on cooler-than-expected inflation data.

- ✓ **Local equities** rose on the back of positive sentiment over local PMI and lower-than-expected PH inflation. The local inflation in December stood at 8.1%, lower than the Bloomberg consensus at 8.2%. Meanwhile, the S&P Global PH Manufacturing PMI rose to 53.1 in December from 52.7 reported in November. The PSEi finished at 6,667.97 (+1.54% WoW).
- ✓ Top performers were Monde Nissin Corporation (PSE Ticker: MONDE; +11.55%), Converge Information and Communications Technology Solutions, Inc. (CNVRG; +10.20%), and JG Summit Holdings, Inc. (JGS; +6.86%). Meanwhile, International Container Terminal Services, Inc. (ICT; -2.00%), Globe Telecom, Inc. (GLO; -2.48%), and Alliance Global Group, Inc. (AGI; -4.20%) were the laggards of the week.
- ✓ **Key events that transpired during the week:**
- ✓ **Converge ICT Solutions, Inc.'s (PSE Ticker: CNVRG)** Singapore unit was granted a Facilities-Based Operations (FBO) license by the Infocomm Media Development Authority (IMDA) to provide international connectivity services and fiber optic cable capacity to Singapore-based clients as the company aims to expand its international wholesale business.
- ✓ **Aboitiz Power Corp.'s (PSE Ticker: AP)** clean energy subsidiary secured a Php20 billion loan agreement with the Land Bank of the Philippines to finance the expansion of its renewable energy portfolio, as the company aims to increase its capacity by an additional 3,700 megawatts (MW) of clean energy within 10 years.



Local Bond Market Movements



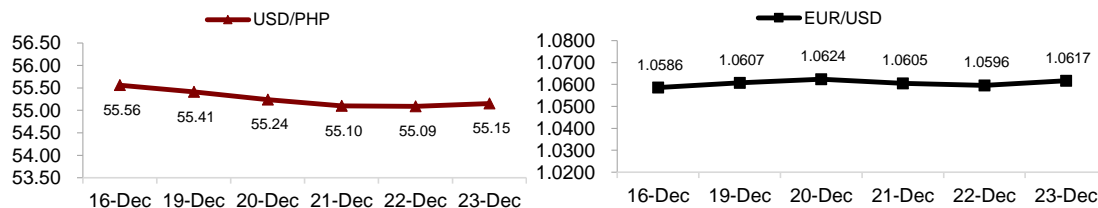
- ✓ The **Philippine peso** slightly strengthened amid positive sentiment on local inflation and manufacturing data. The USD/PHP pair closed at 55.64% (-0.21% WoW).
- ✓ The **Euro** weakened as investors scaled back ECB rate hike expectations amid cooling inflation in France and Germany. The EUR/USD pair closed at 1.0644 (-0.57% WoW).

- ✓ **Local fixed income yields** rose following the release of December inflation data which settled at 8.1%. Yields also went up after the US Fed's meeting minutes signalled more rate hikes ahead. On average, yields rose by 7.05 bps WoW with the 10Y closing at 7.21 (+22.59 bps).
- ✓ **Key events that happened during the week:**
- ✓ **The Philippine Statistics Authority reported that December inflation rose to 8.1%, a slight increase from the 8.0% the month prior.** The increase can be attributed to holiday-related spending as prices of food and non-alcoholic beverages and restaurants and accommodation services rose 10.2% and 7.0% respectively. The latest inflation print brought the full-year 2022 average inflation to 5.8%.
- ✓ **The Bangko Sentral ng Pilipinas reported that bank lending slowed down in November as high interest rates discouraged borrowing.** Universal and commercial banks' outstanding loans rose by 13.7% to Php10.64 trillion in November, a slight decrease from the 13.9% expansion the month prior.

Foreign Exchange

Pair	Previous Close 12/16/22	Closing 12/23/22
USD/PHP	55.560	55.150
EUR/USD	1.0586	1.0617

Foreign Exchange



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

