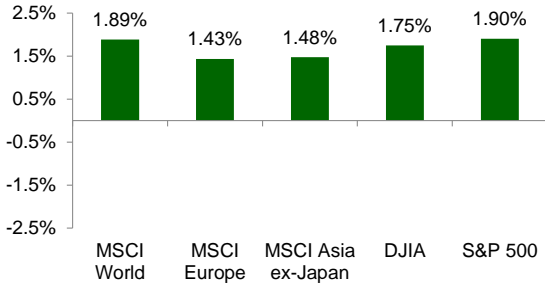


# THE WEEKLY REVIEW

March 6, 2023

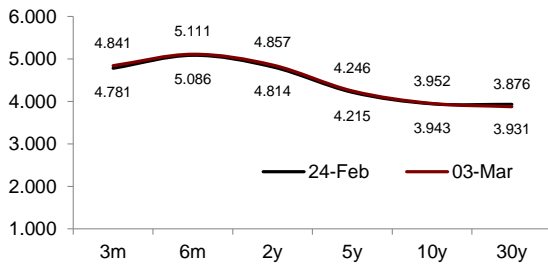
Global equities rose and global yields were mixed as investors digested various economic data releases and remarks from major central bank officials. Meanwhile, global oil prices climbed amid optimism over hopes of recovering demand from China.

## Global Equities

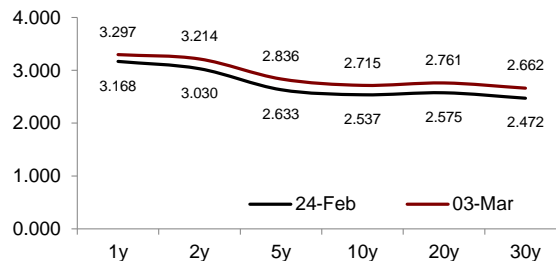


- ✓ **US equities** rose as investors digested Atlanta Fed President Raphael Bostic's comment supporting "slow and steady" quarter-point US rate increases in the face of strong US labor market data. The recent weekly jobless claims data also fell from 192,000 to 190,000 WoW, falling short of consensus expectations of 195,000. The S&P 500 closed at 4,045.64 (+1.90% WoW) and the DJIA closed at 33,390.97 (+1.75% WoW).
- ✓ **Asian equities** went up amid optimism fuelled by encouraging Chinese data. Both China's official Manufacturing purchasing managers' index (PMI) and Caixin Manufacturing PMI surprised to the upside and rose to 52.6 and 51.6, ahead of consensus of 50.6 and 50.7, respectively. The MSCI APxJ closed at 523.44 (+1.48% WoW).
- ✓ **European equities** rose amid improved market sentiment following the release of the Eurozone inflation data which eased to 8.5% in February from 8.6% in January, albeit above consensus expectations of 8.3%. This was also boosted by gains from consumer staples and energy stocks. The MSCI Europe closed at 155.69 (+1.43% WoW).

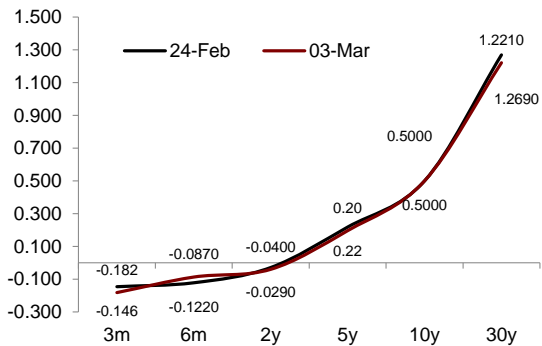
## US Treasuries



## German Bunds



## Japanese Government Bonds



- ✓ **US Treasury yields** were mixed but rose on average as investors weighed the higher-than-expected PMI data and the remarks from Atlanta Fed President supporting slow and steady rate hikes. On average, yields rose by 1.85 bps WoW with the 10Y closing at 3.95% (+0.85 bps).
- ✓ **German bund yields** rose after the latest Eurozone inflation reading surprised to the upside, spurring expectations of further tightening from the European Central Bank. On average, yields rose by 17.83 bps WoW with the 10Y closing at 2.72% (+17.80 bps).
- ✓ **Japanese bond yields** fell after the Bank of Japan (BOJ) governor nominee said that the financial markets should not expect big surprises and should continue because its 2% inflation target has yet to be met. On average, yields went down by 1.37 bps WoW with the 10Y closing at 0.50% (0.00 bps).
- ✓ **Key events that transpired during the week:**
- ✓ The Institute for Supply Management (ISM) services PMI of the US fell from 55.2 in January to 55.1 in February, above consensus expectations of 54.5.
- ✓ Eurozone inflation fell to 8.5% in February from 8.6% in January but stood above consensus expectations of 8.3%. While gas prices slowed, prices for services, goods, and food continued to increase.

- ✓ **Global oil prices** rose driven by renewed optimism amid demand hopes from top oil importer China. In February, China's service sector expanded at the fastest rate in six months, while manufacturing activity also grew. Brent oil closed at \$85.83 per barrel (+3.21% WoW), while WTI crude closed at \$79.68 per barrel (+4.40% WoW).

## Commodities

\$bbl	3-Mar-2023	% Change
Brent	85.83	3.21%
WTI	79.68	4.40%
BBC Commodity index	108.31	2.62%

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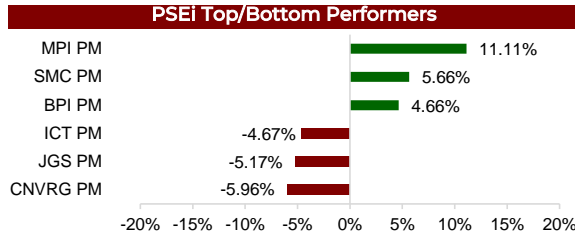
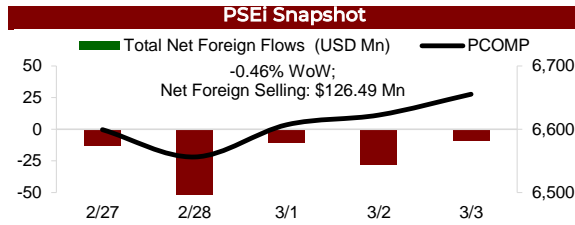
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# THE WEEKLY REVIEW

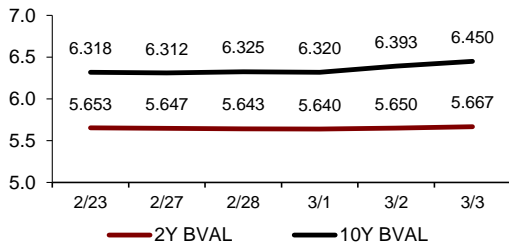
March 6, 2023

**Local equities fell as investors weighed the MSCI rebalancing, corporate earnings releases, and rate hike fears. Local fixed income yields rose and the Philippine peso strengthened as investors digested recent hawkish remarks from the BSP.**

- ✓ **Local equities** fell amid as investors weighed local corporate earnings releases and rate hike fears. This was also following the MSCI rebalancing last week. The PSEi closed at 6,655.37 (-0.46% WoW).
- ✓ Top performers were Metro Pacific Investments Corporation (PSE Ticker: MPI; +11.11%), San Miguel Corporation (SMC; +5.66%), and Bank of the Philippine Islands (BPI; +4.66%). Meanwhile, International Container Terminal Services, Inc. (PSE Ticker: ICT; -4.67%), JG Summit Holdings, Inc. (JGS; -5.17%), and Converge Information & Communications Technology Solutions Inc. (CNVRG; -5.96%) were the laggards of the week.
- ✓ **Key events that transpired during the week:**
- ✓ **Metro Pacific Investments Corp's (PSE Ticker: MPI)** toll unit signed a deal with a China-based company to start constructing the second phase of the Manila-Cavite Expressway (CAVITEX) C5 Link Segment 2. CAVITEX C5 Link Segment 2 is targeted to be opened to the public before the year ends and is expected to serve 40,000 vehicles daily.
- ✓ **International Container Terminal Services, Inc. (PSE Ticker: ICT)** will open a new berth at the Manila International Container Terminal to improve its capacity and enable the handling of ultra-large container vessels. With the addition of the new berth, the Manila Port's total capacity will be increased to 200,000 twenty-foot equivalent units (TEU).



## Local Bond Market Movements



- ✓ The **Philippine peso** slightly strengthened amid expectations of further rate hikes from the BSP after the central bank's forecasted inflation range for February shows that inflation may potentially breach 9%. The USD/PHP pair closed at 54.82 (-0.09% WoW).
- ✓ The **Euro** strengthened as the higher-than-expected February Eurozone inflation data reinforced the European Central Bank's (ECB) case to raise interest rates further. The EUR/USD pair closed at 1.06 (+0.82% WoW).

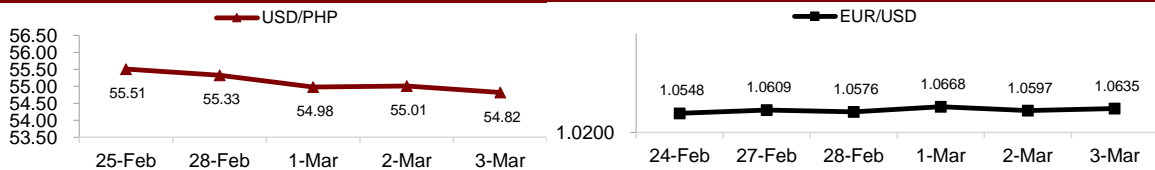
- ✓ **Local fixed income yields** rose on rate hike fears after the BSP gave hawkish comments following its higher inflation projection for February at 8.9% median estimate, well above January's 8.7% print. BSP Governor Medalla also hinted on a 50-bp rate hike if the inflation reading reaches the 9% level. On average, yields went up by 9.20 bps WoW with the 10Y closing at 6.45% (+13.18 bps).

- ✓ **Key events that happened during the week:**
- ✓ The **Bangko Sentral ng Pilipinas (BSP)** said February local inflation likely settled within the 8.5% to 9.3% range. This was expected to emanate from the elevated prices of LPG (liquefied petroleum gas) and key food items such as pork, fish, eggs, and sugar.
- ✓ The **Bureau of the Treasury (BTr)** reported that the government's budget deficit narrowed by 3.35% YoY from Php1.67 trillion in FY2021 to Php1.61 trillion in FY2022. This brought the budget gap equivalent to 7.33% of GDP, above the Development Budget Coordination Committee (DBCC)'s 6.9% target but below the 8.6% reported in 2021.

## Foreign Exchange

Pair	Previous Close	02/24/23	Closing	03/03/23
USD/PHP	54.870	54.870	54.820	54.820
EUR/USD	1.0548	1.0548	1.0635	1.0635

## 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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