

April 4, 2023

LOCAL MARKETS

Local equities rose and local fixed income yields fell ahead of March inflation data. The Philippine peso weakened after OPEC+ announced oil cuts.

Key Events

- ✓ The **Bureau of the Treasury** reported that the budget deficit widened to Php106.4 billion in February, a 0.5% year-over-year increase. State revenue collections dipped 0.25% to Php211.9 billion while spending inched up 0.01% to Php318.2 billion. On a year-to-date basis, the fiscal deficit narrowed to Php60.6 billion, a 53.07% decrease from the Php129.20 billion deficit last year.
- ✓ **ACEN Corporation (PSE Ticker: ACEN)** affirmed its commitment to transition its power generation portfolio to 100% renewable energy by 2025. The company outlined its "robust net zero roadmap" that includes the company's plans and target for near term and long-term emission reductions.

Equities

- ✓ **Local equities** slightly climbed on optimism spillover from overseas markets, but volumes were thin as some investors stayed on the sidelines ahead of the March inflation data and the upcoming long weekend. A strong March Purchasing Managers' Index also boosted sentiment. The PSEi closed at 6,529.99 (+0.47% DoD).

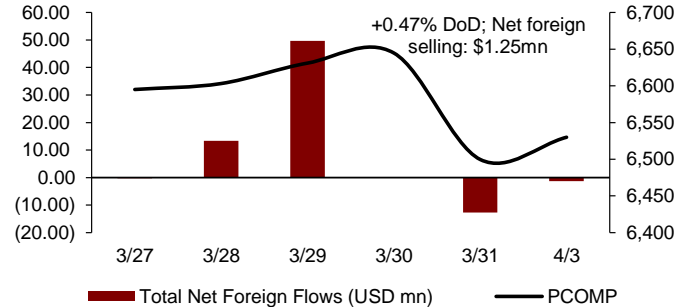
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0367	5.0868	5 years	-0.0066	5.9614
6 months	+0.0242	5.7013	7 years	-0.0220	6.0720
1 year	-0.0062	6.0225	10 years	-0.0392	6.1763
2 years	-0.0046	5.8443	20 years	-0.0387	6.5169
3 years	-0.0085	5.8727	30 years	-0.0416	6.5215
4 years	-0.0069	5.9117			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	54.360	54.730	EUR/USD	1.0839	1.0899

PSEi Snapshot



Previous:	6,499.7	PSEi change:	0.47%
High:	6,530.0	Best:	AEV +8.88%
Low:	6,507.1	2nd best:	JGS +6.47%
Close:	6,530.0	2nd worst:	TEL -5.85%
Val. traded (mn):	3,011.5	Worst:	MONDE -8.26%

Fixed Income

- ✓ **Local fixed income yields** continued to fall ahead of March inflation data. Market consensus is currently at 8.0% while the median Bangko Sentral ng Pilipinas forecast is at 7.8%. On average, yields fell by 1.03 bps, led by the long end of the curve which went down by 3.98 bps.

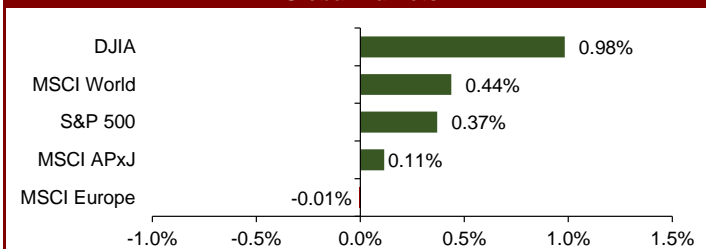
Philippine peso

- ✓ The **Philippine Peso** weakened after the Organization of the Petroleum Exporting Countries and its allies (OPEC+) announced an unexpected cut in oil production. The USD/PHP pair closed at 54.73 (+0.68% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields continued to decline, and the US Dollar weakened as investors weighed latest oil production cut from OPEC+ and weak US manufacturing PMI release.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0253	4.7183	5 years	-0.0722	3.5011
6 months	-0.0166	4.8408	10 years	-0.0562	3.4114
2 years	-0.0619	3.9634	30 years	-0.0216	3.6283

- ✓ **US equities** rose as energy stocks rallied following a surprise supply cut to the OPEC+ group's output target. Gains were capped by the US Manufacturing PMI which fell to 46.3 in March from 47.7 in February. The S&P 500 closed at 4,124.51 (+0.37% DoD) and the DJIA closed at 33,601.15 (+0.98% DoD).
- ✓ **Asian equities** moderately climbed with energy stocks staging the largest rally following OPEC+ surprise supply cut in output target. The MSCI APxJ closed at 524.54 (+0.11% DoD).
- ✓ **European equities** slightly fell as investors digested the surprise 1.16 million barrels per day oil production cut from OPEC+. The MSCI Europe closed at 153.81 (-0.01% DoD).
- ✓ **US Treasury yields** fell further following the surprise oil production cut from OPEC+ and the continued decline of the US manufacturing PMI. ISM manufacturing PMI fell to 46.3 in March, near its three-year low, dragged by weak new orders. On average, yields fell by 3.39 bps, with the 2Y closing at 3.96% (-6.19 bps) and the 10Y closing at 3.41% (-5.62 bps).
- ✓ The **US Dollar** weakened as investors digested the declines in manufacturing and construction spending which support the narrative that the Fed is nearing the end of its rate-hike cycle. The DXY closed at 102.09 (-0.40%).

www.bpiassetmanagement.com

