

April 11, 2023

LOCAL MARKETS

Local equities rose and the Philippine peso strengthened ahead of the long weekend. Local fixed income yields fell on slower-than-expected inflation figures.

Key Events

- ✓ The **Philippine Statistics Authority** reported that March inflation decelerated to 7.6% from the 8.6% in Feb and also below market consensus of 8.0%. Food inflation led the downtrend decelerating to 9.3% in Mar from 10.8% in Feb. Transportation price inflation also decelerated to 5.3% from 9.0% in Feb amid lower oil prices. Finally, housing & utilities price inflation decelerated to 7.6% from 8.6% with slower price increases in LPG & electricity. Year-to-date, inflation is at 8.3%.
- ✓ **Manila Electric Co. (PSE Ticker: MER)** announced that it is planning to transition some of the services provided by its electric vehicle unit eSakay, Inc. to a newly established subsidiary, Movem Electric, Inc. Meralco noted that the subsidiary's incorporation is in line with its plans to be a major player in the growing electric vehicle industry.

Equities

- ✓ **Local equities** moderately rose ahead of the Holy Week break. Buying appetite was supported by the softer March inflation data but gains were capped by thin trading volumes as investors positioned ahead of possible volatilities after the long weekend. The PSEi closed at 6,488.51 (+0.25% DoD).

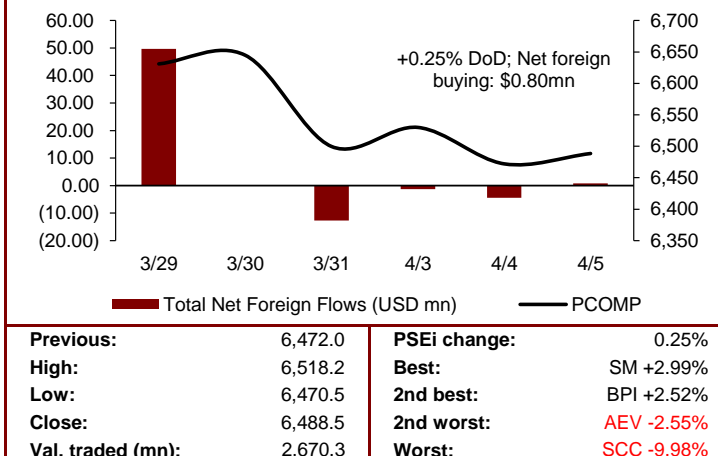
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0172	5.1479	5 years	-0.0286	5.9283
6 months	-0.0643	5.6411	7 years	-0.0176	6.0480
1 year	-0.0241	5.9944	10 years	-0.0137	6.1550
2 years	+0.0052	5.8638	20 years	-0.0656	6.4290
3 years	-0.0142	5.8671	30 years	-0.0701	6.4241
4 years	-0.0251	5.8884			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	54.495	54.400	EUR/USD	1.0905	1.0859

PSEi Snapshot



Fixed Income

- ✓ **Local fixed income yields** fell last Wednesday as March inflation cooled more than expected. March inflation decelerated to 7.6%, below market expectations of 8.0%. On average, yields were went down by 2.74 bps, led by the long end of the curve which went fell by 4.98 bps.

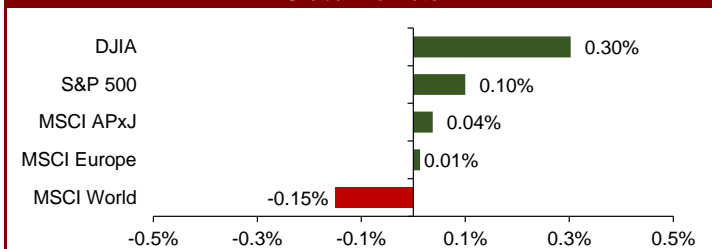
Philippine peso

- ✓ The **Philippine Peso** slightly strengthened ahead of the long weekend in observance of Holy Week and the Day of Valor. Last Wednesday, the USD/PHP pair closed at 54.40 (-0.17% DoD).

OVERSEAS MARKETS

Global equities slightly rose, US Treasury yields went up, and the US Dollar strengthened as investors weighed the latest jobs report and positioned ahead of the US inflation data to be released this week.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.2100	4.9620	5 years	+0.0223	3.5194
6 months	+0.0531	4.8674	10 years	+0.0262	3.4168
2 years	+0.0271	4.0077	30 years	+0.0207	3.6283

- ✓ **US equities** rose ahead of the March consumer and producer inflation data to be released on Wednesday and Thursday, respectively. Investors also digested a positive March jobs report which came out last Friday when the markets were closed. The S&P 500 closed at 4,109.11 (+0.10% DoD) and the DJIA closed at 33,586.52 (+0.30% DoD).
- ✓ **Asian equities** slightly rose as some investors came back from the Easter weekend. Market participants are also bracing for a busy week, with China's inflation figures and the Bank of Korea's rate decision to be announced in the coming days. The MSCI APxJ closed at 522.71 (+0.04% DoD).
- ✓ **European equities** were flat as most markets were closed in observance of Easter Monday. The MSCI Europe closed at 154.34 (+0.01% DoD).
- ✓ **US Treasury yields** rose as investors weighed the March jobs report and positioned ahead of the inflation data to be released this week. On average, yields went up by 5.99 bps, with the 2Y closing at 4.01% (+2.71 bps) and the 10Y closing at 3.42% (+2.62 bps).
- ✓ The **US Dollar** strengthened after the strong jobs data boosted expectations of another interest rate hike in May. In March, US employers hired at a stronger pace and added 235,000 jobs. The DXY closed at 102.58 (+0.48%).

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