

April 14, 2023

LOCAL MARKETS

Local equities fell and the Philippine peso weakened on US recession concerns. Local fixed income yields rose on easing US inflation data.

Key Events

- ✓ The **Bangko Sentral ng Pilipinas** will revise its full-year inflation figure below 6.0% after the cooler-than-expected 7.6% inflation print in March. The central bank said the higher interest rates cooled inflation and stabilized the peso. The BSP's current inflation forecasts for FY2023 and FY2024 are 6.0% and 2.9% respectively. The central bank is set to release its revised forecasts in its May Monetary Board meeting.
- ✓ **Alliance Global Group, Inc. (PSE Ticker AGI)** saw its 2022 net income increase to Php25.2 billion, up 6% YoY, on the back of the country's sustained economic recovery which propelled all its business segments. However, the company mentioned that gains were capped by inflationary pressure, high input costs, and supply chain bottlenecks.

Equities

- ✓ **Local equities** fell amid recession worries after the release of the Fed's March policy meeting minutes. The US central bank appears to be expecting a mild recession later in the year on the back of the recent developments in the banking sector. The PSEi closed at 6,448.87 (-0.32% DoD).

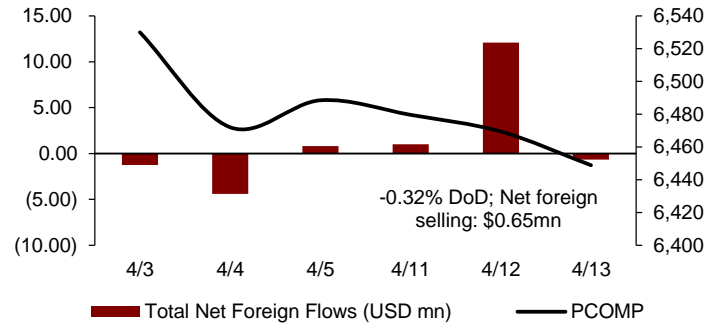
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0441	5.3558	5 years	-0.0041	5.9285
6 months	+0.0314	5.7157	7 years	+0.0031	6.0168
1 year	-0.0207	5.9969	10 years	+0.0205	6.1754
2 years	+0.0289	5.9078	20 years	+0.0038	6.4364
3 years	+0.0139	5.9183	30 years	+0.0082	6.4397
4 years	+0.0023	5.9172			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.220	55.260	EUR/USD	1.0992 1.1046

PSEi Snapshot



Previous:	6,488.5	PSEi change:	-0.61%
High:	6,453.3	Best:	BDO +5.48%
Low:	6,394.1	2nd best:	MPI +4.32%
Close:	6,448.9	2nd worst:	ACEN -4.97%
Val. traded (mn):	3,800.8	Worst:	DMC -5.27%

Fixed Income

- ✓ **Local fixed income yields** continued to rise as investors weighed easing US CPI data and the latest Fed minutes. On average, yields rose by 1.19 bps, led by the short end of the curve which rose by 2.09 bps.

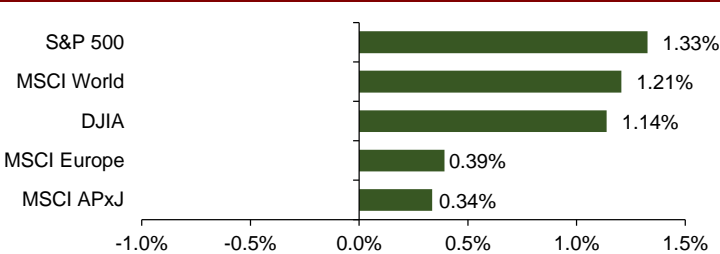
Philippine peso

- ✓ The **Philippine Peso** weakened to a 1-month low as the US Fed said it sees a potential mild recession this year. The USD/PHP pair closed at 55.26 (+0.07% DoD).

OVERSEAS MARKETS

Global equities rose, the US Treasury yields went up, and the US Dollar weakened further as investors digested recent economic data releases.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0123	4.9569	5 years	+0.0378	3.5003
6 months	+0.0073	4.9233	10 years	+0.0543	3.4449
2 years	+0.0105	3.9683	30 years	+0.0625	3.6873

- ✓ **US equities** rose after a softer-than-expected US Producer Price Index (PPI) spurred optimism in the market. March PPI declined by 0.5% MoM against expectations of no change, while core PPI shed 0.1% MoM. The S&P 500 closed at 4,146.22 (+1.33% DoD) and the DJIA closed at 34,029.69 (+1.14% DoD).
- ✓ **Asian equities** were mixed but rose on average as investors weighed positive economic data in the US against looming recession fears stemming from the Fed's March meeting minutes and tumbling tech stocks. The MSCI APXJ closed at 526.52 (+0.34% DoD).
- ✓ **European equities** rose further as investors continued to digest cooling US headline inflation for the month of March. The MSCI Europe closed at 156.04 (+0.39% DoD).
- ✓ **US Treasury yields** rose as investors weighed the softer producer price data and uptick in jobless claims. On average, yields rose by 3.08 bps, with the 2Y closing at 3.97% (+1.05 bps) and the 10Y closing at 3.44% (+5.43 bps).
- ✓ The **US Dollar** weakened further following the cooling of the producer prices index (PPI) which boosted bets that the US Fed might be near the end of its rate hike cycle. The DXY closed at 101.01 (-0.48%).

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