

April 25, 2023

## LOCAL MARKETS

Local equities rose as the DBCC maintained its growth targets. Local fixed income yields rose following the latest BTr auction, and the Philippine peso strengthened on weak US economic data.

### Key Events

- ✓ The **Development Budget Coordination Committee (DBCC)** maintained its growth targets for the Philippines, citing robust demand. The DBCC is currently forecasting 6%-7% growth in 2023 and 6.5%-8% growth in 2024-2028. Meanwhile, they also revised their inflation forecast upwards as food, energy, and transport costs remain high. The committee revised its inflation 2023 forecast to 5%-7%, while maintaining its 2%-4% forecast for 2024-2028.
- ✓ **Manila Electric Co. (PSE Ticker: MER)** posted a consolidated core net income of Php9.05 billion in 1Q23. This was 40.5% higher than the Php6.44 billion recorded a year ago on the back of sustained energy sales and revenue growth. Energy sales grew by 2% to 11,287 gigawatt-hours (GWh) in the first quarter from 11,069 GWh in the previous year.

### Equities

- ✓ **Local equities** climbed on improved market sentiment as the Development Budget Coordination Committee (DBCC) decided to maintain its growth outlook for the Philippines. The continued rally of the Peso also boosted local stocks. The PSEi closed at 6,598.38 (+1.20% DoD).

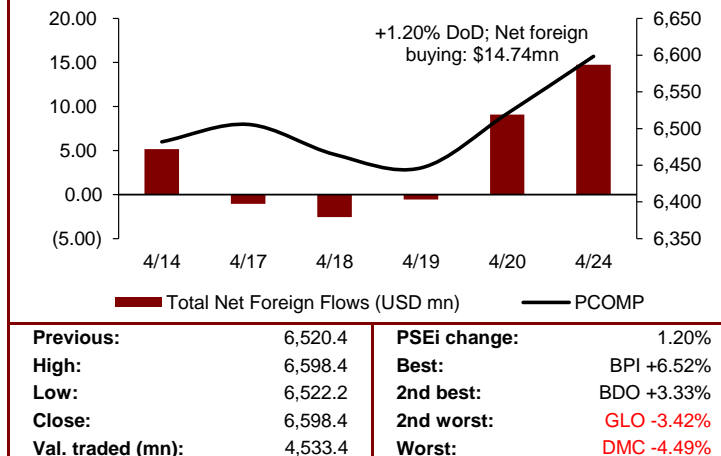
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0668	5.7148	5 years	+0.0031	5.9426
6 months	+0.0037	5.9227	7 years	-0.0006	6.0081
1 year	+0.0358	6.1833	10 years	-0.0076	6.1611
2 years	+0.0120	5.9709	20 years	-0.0023	6.4323
3 years	+0.0121	5.9458	30 years	-0.0006	6.4350
4 years	+0.0077	5.9368			

### Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	56.020	55.770	EUR/USD	1.0986	1.1046

### PSEi Snapshot



### Fixed Income

- ✓ **Local fixed income yields** were mixed but rose on average as the Bureau of the Treasury's raised Php10.57 billion of Treasury bills. Yields were also pressured upward as the DBCC revised its 2023 inflation forecast from 2.5-4.5% to 5-7%. On average, yields rose by 1.18 bps, led by the short end of the curve which went up by 2.96 bps.

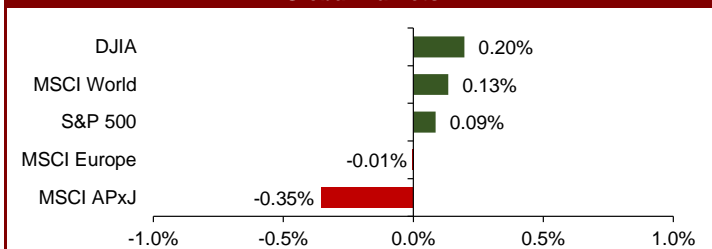
### Philippine peso

- ✓ The **Philippine Peso** strengthened as weak economic data in the US drove recession fears and bets that the US Fed may pause its rate hike cycle. The USD/PHP pair closed at 55.77 (-0.45% DoD).

## OVERSEAS MARKETS

Global equities were mixed, US Treasury yields fell, and the US Dollar continued to weaken as investors braced for corporate earnings results and economic data releases this week.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0500	4.9672	5 years	-0.0924	3.5706
6 months	-0.0033	4.9873	10 years	-0.0817	3.4901
2 years	-0.0934	4.0882	30 years	-0.0665	3.7092

- ✓ **US equities** were little changed as investors braced for the corporate earnings results of mega-cap technology names and latest economic data. The S&P 500 closed at 4,137.04 (+0.09% DoD) and the DJIA closed at 33,875.40 (+0.20% DoD).
- ✓ **Asian equities** were mixed but fell on average as investors awaited the US's first quarter GDP data this week. Market participants expect slower growth amid high interest rates and cooling business activity. The MSCI APxJ closed at 516.19 (-0.35% DoD).
- ✓ **European equities** slightly fell as the market continued to wait for catalysts, with major European banks expected to report earnings this week. The MSCI Europe closed at 157.69 (-0.01% DoD).
- ✓ **US Treasury yields** fell as investors positioned ahead of the Personal Consumption Expenditures (PCE) report to be released on Friday. Investors also weighed debt ceiling jitters and the Fed's upcoming policy meeting. On average, yields fell by 6.46 bps, with the 2Y closing at 4.09% (-9.34 bps) and the 10Y closing at 3.49% (-8.17 bps).
- ✓ The **US Dollar** weakened as investors continued to bet on potential rate cuts from the Fed this year. This was also ahead of the US GDP data release. The DXY closed at 101.35 (-0.47% DoD).

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