

April 27, 2023

## LOCAL MARKETS

Local equities fell and the Philippine peso weakened on banking sector concerns abroad. Local fixed income yields fell on bargain hunting.

### Key Events

- ✓ The **Bangko Sentral ng Pilipinas (BSP)** Governor said cutting the policy rate faster than the Federal Reserve is dangerous as it may weaken the peso further against the dollar. When asked about the next policy meeting, the Governor said the BSP has no need to mirror the Fed given that inflation is expected to fall within target by year-end. The BSP's policy rate is currently at 6.25%, while the upper bound of the Fed's target range is 5.00%.
- ✓ **Ayala Land Inc. (PSE Ticker: ALI)** plans to spend Php15.2 billion for the initial development of two of its mixed-used estates. The properties include the 92-hectare Areza estate development in Lipa, Batangas and the 83-hectare Crossroads in Plaridel, Bulacan.

### Equities

- ✓ **Local equities** fell on renewed banking concerns abroad after First Republic Bank's results showed that its deposits dropped by 40%, causing its share price to plunge by ~50%. Investors also turned cautious as the first case of the new COVID-19 subvariant XBB.1.16 was detected in Western Visayas. The PSEi closed at 6,540.24 (-0.81% DoD).

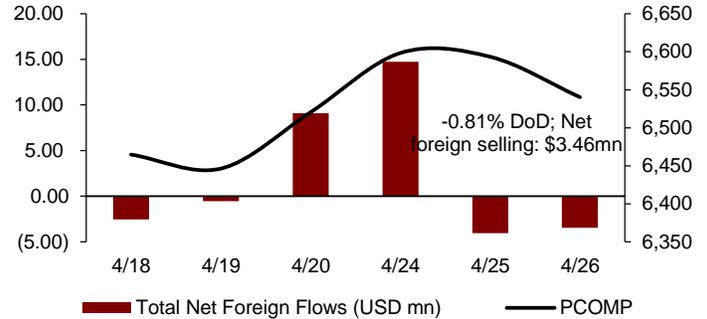
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0067	5.7603	5 years	+0.0114	5.9688
6 months	-0.0244	5.9444	7 years	-0.0018	6.0111
1 year	-0.0899	6.1663	10 years	-0.0212	6.1234
2 years	+0.0298	6.0266	20 years	-0.0898	6.3163
3 years	+0.0257	5.9926	30 years	-0.0935	6.3116
4 years	+0.0186	5.9730			

### Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.540	55.620	EUR/USD	1.0973

### PSEi Snapshot



<b>Previous:</b>	6,593.4	<b>PSEi change:</b>	-0.81%
<b>High:</b>	6,584.9	<b>Best:</b>	MPI +4.41%
<b>Low:</b>	6,513.0	<b>2nd best:</b>	AGI +2.29%
<b>Close:</b>	6,540.2	<b>2nd worst:</b>	GTCAP -4.11%
<b>Val. traded (mn):</b>	4,157.5	<b>Worst:</b>	MONDE -4.69%

### Fixed Income

- ✓ **Local fixed income yields** fell on bargain hunting after 8 straight sessions of rising yields. Yields were pushed up recently as investors reacted to hawkish Fed signals and fresh bond supplies from the Bureau of the Treasury. On average, yields fell by 2.08 bps, led by the long end of the curve which went down by 6.82 bps.

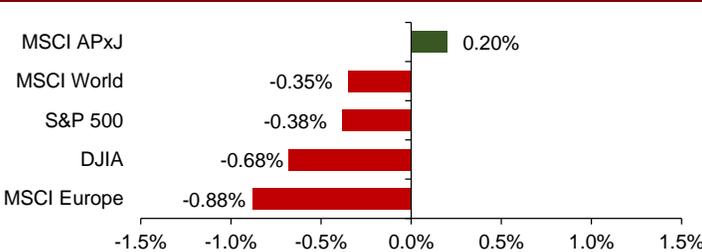
### Philippine peso

- ✓ The **Philippine Peso** slightly weakened amid risk-off sentiment due to renewed concerns over the US financial sector and economy. The USD/PHP pair closed at 55.62 (+0.14% DoD).

## OVERSEAS MARKETS

Global equities mostly fell, US Treasury yields rose, and the US Dollar weakened as investors assessed banking sector concerns and corporate earnings releases, while waiting for the key US data releases this week.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0850	5.1083	5 years	+0.0484	3.4975
6 months	+0.0507	4.9827	10 years	+0.0489	3.4485
2 years	-0.0035	3.9509	30 years	+0.0437	3.7022

- ✓ **US equities** continued to tumble as banking sector worries overshadowed upbeat earnings of major tech companies. The S&P 500 closed at 4,055.99 (-0.38% DoD) and the DJIA closed at 33,301.87 (-0.68% DoD).
- ✓ **Asian equities** were mixed but rose on average, led by Hong Kong stocks which gained on upbeat earnings from tech giants. Elsewhere, equities were weighed down by global banking sector worries and US recession fears. The MSCI APxJ closed at 510.76 (+0.20% DoD).
- ✓ **European equities** further declined as banking sector jitters returned. The MSCI Europe closed at 155.74 (-0.88% DoD).
- ✓ **US Treasury yields** were mixed but rose on average as investors positioned ahead of GDP and inflation data releases this week. On average, yields rose by 4.55 bps, with the 2Y closing at 3.95% (-0.35 bps) and the 10Y closing at 3.45% (+4.89 bps).
- ✓ The **US Dollar** weakened following renewed fears in the banking sector and weak economic data releases which are pointing towards a likely recession in the US. The DXY closed at 101.47 (-0.39% DoD).

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