

February 3, 2023

## LOCAL MARKETS

Local equities fell on profit taking. Local fixed income yields declined and the Philippine peso weakened after the US FOMC raised interest rates by 25-bps.

### Key Events

- ✓ According to the Bureau of the Treasury (BTr), the national government's outstanding debt decreased from the record high of Php13.64 trillion in November to Php13.42 trillion in December. The decline was aided in part by the peso's strengthening against the US Dollar and net redemption of local government securities.
- ✓ ACEN Corporation (PSE Ticker: ACEN) had fully acquired ACEN Australia through its subsidiary ACEN Renewables International. The acquisition would result in ACEN's full ownership of the 521MW New England solar farm project and 520MW direct current Stubbo solar farm in Australia. The company will also acquire ACEN Australia's projects that are currently in the pipeline which include those in New South Wales, Tasmania, Victoria, and South Australia.

### Equities

- ✓ Local equities fell on profit-taking after rising the day before and as investors digested the US Federal Open Market Committee (FOMC)'s decision to hike rates by 25 basis points (bps) at its policy meeting this week. The PSEi closed at 6,986.19 (-0.70% DoD).

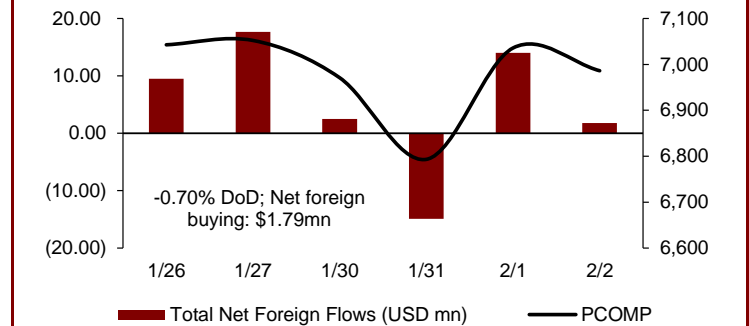
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0136	4.2976	5 years	-0.0008	5.8290
6 months	-0.0046	4.9124	7 years	+0.0002	5.9645
1 year	-0.0028	5.3359	10 years	-0.0343	6.0655
2 years	-0.0020	5.3589	20 years	-0.0926	6.3296
3 years	+0.0029	5.5878	30 years	-0.0899	6.3254
4 years	+0.0008	5.7274			

### Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.475	53.845	EUR/USD	1.0990

### PSEi Snapshot



Previous:	7,035.8	PSEi change:	-0.70%
High:	7,028.4	Best:	WLCN +5.35%
Low:	6,959.8	2nd best:	SMC +5.00%
Close:	6,986.2	2nd worst:	AC -3.33%
Val. traded (mn):	5,918.3	Worst:	MPI -3.57%

### Fixed Income

- ✓ Local fixed income yields declined as the markets weighed the US FOMC's 25-bps rate hike and relatively dovish signals. On average, yields fell by 2.15 bps, led by the long-end which went down by 7.62 bps.

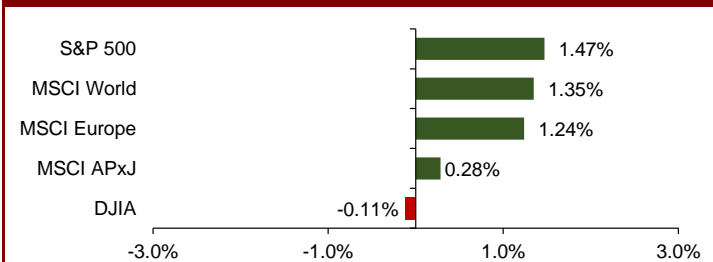
### Philippine peso

- ✓ The Philippine peso strengthened following the dovish signals and the 25-bps rate increase. The USD/PHP pair closed at 53.85 (-1.16% DoD).

## OVERSEAS MARKETS

Global equities rose, US Treasury yields fell, and the US Dollar slightly strengthened after global central banks hiked interest rates in line with expectations and as dovish remarks from Fed Chair Powell helped lift investors' sentiment.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0265	4.6118	5 years	-0.0275	3.4879
6 months	-0.0086	4.7557	10 years	-0.0239	3.3927
2 years	-0.0021	4.1042	30 years	-0.0211	3.5447

- ✓ US equities climbed on upbeat Meta corporate earnings which boosted sentiment on tech stocks. Other mega-cap tech stocks also rallied on positive corporate earnings result. The S&P 500 closed at 4,179.76 (+1.47% DoD) and the DJIA closed at 34,053.94 (-0.11% DoD).
- ✓ Asian equities rose, tracking Wall Street gains, on dovish cues from the US Fed. While inflation remains elevated, investors saw relief after Fed Chair Powell acknowledged that the disinflationary process is underway. The MSCI APxJ closed at 557.09 (+0.28% DoD).
- ✓ European equities rose as the European Central Bank (ECB) and Bank of England (BOE) hiked interest rates in-line with expectations. Both the ECB and BOE raised interest rates by 50 bps. The MSCI Europe closed at 153.89 (+1.24% DoD).
- ✓ US Treasury yields fell further with renewed hopes that the cycle of interest rate hikes might be nearing an end following the 25-bps rate hike from the Fed and recent remarks from Fed Chair Powell. On average, yields were down by 1.83 bps, with the 2Y closing at 4.10% (-0.21 bps) and the 10Y closing at 3.39% (-2.39 bps).
- ✓ The US Dollar recovered from its biggest one-day drop in nearly a month following the Fed's 25-bps rate hike. The DXY closed at 101.75 (+0.53% DoD).

