The Morning View



February 7, 2023

LOCAL MARKETS

Local equities and local fixed income yields fell ahead of the January inflation data release. The Philippine peso weakened following the stronger-than-expected US iobs data.

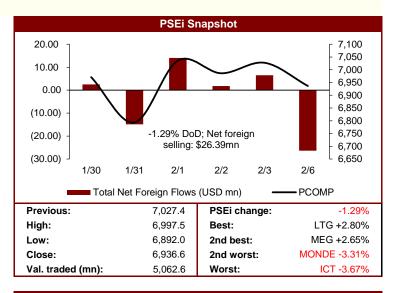
Key Events

- The Department of Agriculture (DA) has approved a suggested retail price (SRP) of Php125 per kilo for imported red onions in the National Capital Region. This was following the endorsement from stakeholders such as importers, traders and retailers.
- Globe Telecom Inc. (PSE Ticker: GLO) signed a lease agreement covering the transmission towers in Southern Luzon with Skytowers Infra Inc., a Philippine subsidiary of Thai firm Sky Tower Plc. The company said that this is part of its overall strategy of monetizing passive assets to maintain a healthy balance sheet.

Local equities fell amid investors' profit-taking and as investors waited for the release of the January inflation data. The PSEi closed at 6,936.61 (-1.29%

Bond Market Movement								
Tenor	Change	Yield	Tenor	Change	Yield			
3 months	+0.0483	4.3251	5 years	+0.0164	5.8394			
6 months	+0.0033	4.9040	7 years	+0.0096	5.9589			
1 year	+0.0031	5.3081	10 years	-0.0017	6.0432			
2 years	+0.0307	5.3803	20 years	+0.0345	6.3635			
3 years	+0.0272	5.6021	30 years	+0.0347	6.3608			
4 years	+0.0207	5.7388						

Foreign Exchange							
	Previous	Close		Previous	Close		
PHP/USD*	53.680	54.390	EUR/USD	1.0795	1.0726		



Fixed Income

Local fixed income yields rose as investors positioned ahead of the release of the January inflation print. Consensus estimate stood at 7.6%, below the BSP median forecast of 7.9%. On average, yields rose by 2.06 bps, led by the longend which went up by 2.25 bps.

Philippine peso

The Philippine peso weakened on expectations of a longer Fed tightening path after the US jobs report came in stronger than expected. The USD/PHP pair closed at 54.39 (+1.32% DoD).

OVERSEAS MARKETS

Global equities declined, US Treasury yields rose, and the US Dollar strengthened as investors continued to weigh the stronger-than-expected US jobs data, lingering rate hike fears, and US-China geopolitical tensions.



US Treasuries								
Tenor	Change	Yield	Tenor	Change	Yield			
3 months	-0.0110	4.6250	5 years	+0.1693	3.8283			
6 months	+0.0047	4.8196	10 years	+0.1153	3.6399			
2 years	+0.1838	4.4724	30 years	+0.0596	3.6736			

- US equities tumbled as investors grew cautious following the rise in bond yields amid the stronger-than-expected US jobs data. Market participants are also watching out for the set of corporate earnings results to be released this week. The S&P 500 closed at 4,111.08 (-0.61% DoD) and the DJIA closed at 33,891.02 (-
- Asian equities fell on rate hike fears after strong US jobs data suggested more room for monetary tightening. Investors also worried about tensions between the US and China after news of spy balloons being used for surveillance emerged. The MSCI APxJ closed at 540.89 (-2.32% DoD).
- European equities fell despite a healthy rebound in German factory orders due to weak investors' sentiment amid concerns over the rising US-China geopolitical tensions and the global economic outlook. German industrial orders rose by 3.2% in December, a recovery from the revised dip of 4.4% in November. The MSCI Europe closed at 153.35 (-0.75% DoD).
- US Treasury yields climbed with the 10-year US Treasury rising at its highest level since January 11 as investors continued to digest the strong US jobs report. On average, yields were up by 8.70 bps, with the 2Y closing at 4.47% (+18.38 bps) and the 10Y closing at 3.64% (+11.53 bps).
- The US Dollar strengthened after the strong jobs data continued to point to a resilient US labor market which may suggest that interest rates will remain higher for longer. The DXY closed at 103.62 (+0.69% DoD).

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