

February 13, 2023

LOCAL MARKETS

Local equities marginally rose, local fixed income yields inched up, and the Philippine peso strengthened ahead of the BSP's Monetary Board meeting.

Key Events

- ✓ According to Trade Secretary and Board of Investments' (BOI) managing head Ceferino Rodolfo, investments reached **Php414 billion** in the first 40 days of 2023. This accounted for over 40% of BOI's Php1 trillion target for the year. The increase was attributed to the country's strong pipeline, especially in the renewable energy sector, which piqued the interests of investors from various countries.
- ✓ **Manila Electric Co. (PSE Ticker: MER)** has secured another 300-megawatt (MW) emergency power supply to help cover a portion of its suspended 670-MW deal with a unit of SMC Global Power Holdings Corp. The emergency power supply agreement with Aboitiz Power (PSE Ticker: AP) was signed on February 3, but it should be noted that the agreement is not

Equities

- ✓ **Local equities** marginally rose following the MSCI rebalancing. Investors also braced for the upcoming monetary board meeting of the Bangko Sentral ng Pilipinas (BSP) and new corporate earnings releases. The PSEi closed at 6,876.79 (+0.50 DoD).

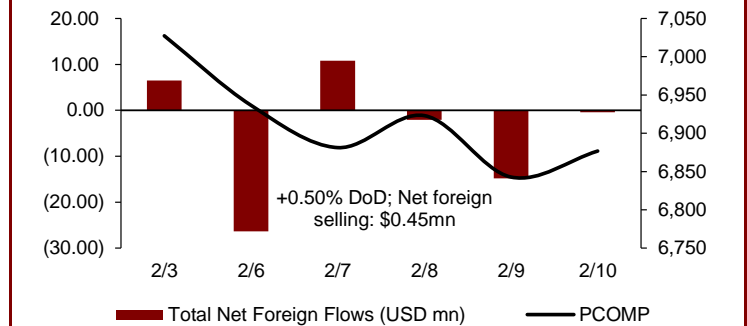
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0174	4.3439	5 years	-0.0044	5.9279
6 months	+0.0231	4.9379	7 years	-0.0132	6.0981
1 year	+0.0057	5.3252	10 years	-0.0260	6.2272
2 years	+0.0406	5.3838	20 years	-0.0283	6.5395
3 years	+0.0243	5.6136	30 years	-0.0352	6.5348
4 years	+0.0080	5.7881			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.450	54.420	EUR/USD	1.0740 1.0678

PSEi Snapshot



Previous:	6,842.8	PSEi change:	0.50%
High:	6,884.2	Best:	MER +11.31%
Low:	6,848.7	2nd best:	GTCAP +2.91%
Close:	6,876.8	2nd worst:	GLO -3.08%
Val. traded (mn):	4,038.5	Worst:	ACEN -3.97%

Fixed Income

- ✓ **Local fixed income yields** inched up ahead of the BSP's monetary board meeting. On average, yields rose by 0.11 bps, led by the long-end which fell by 2.98 bps.

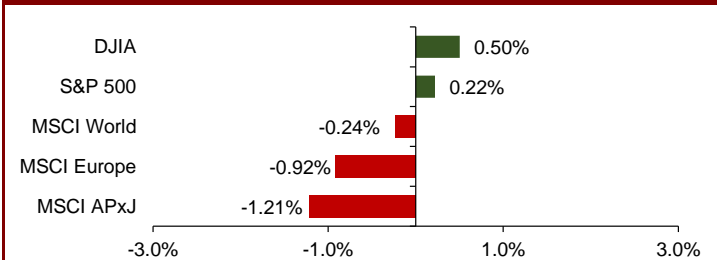
Philippine peso

- ✓ The **Philippine peso** slightly strengthened ahead of the BSP policy meeting as investors anticipated another round of rate hikes after January's unexpected inflation surge. The USD/PHP pair closed at 54.42 (-0.06% DoD).

OVERSEAS MARKETS

Global equities were mixed as investors digested a new set of economic data releases and the US Fed's monetary policy decision. Meanwhile, US Treasury yields rose and the US Dollar strengthened ahead of the US inflation data.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0086	4.7345	5 years	+0.0640	3.9226
6 months	-0.0020	4.8999	10 years	+0.0741	3.7320
2 years	+0.0350	4.5170	30 years	+0.0894	3.8158

- ✓ **US equities** marginally rose after investors weighed the Fed's recent policy decision to hike interest rates and the US consumers' improved sentiment on the market. The University of Michigan's preliminary consumer sentiment index rose to 66.4 in February from 64.9 in January. The S&P 500 closed at 4,090.46 (+0.22% DoD) and the DJIA closed at 33,869.27 (+0.50% DoD).
- ✓ **Asian equities** slipped amid expectations of further monetary policy tightening after Richmond Fed President Thomas Barkin gave hawkish comments. China equities also fell as worries over post-COVID recovery and the tension caused by the "spy-balloon" fallout continue to weigh on sentiment. The MSCI APxJ closed at 541.67 (-1.21% DoD).
- ✓ **European equities** fell as the United Kingdom's economic weakness in December heightened fears of a global recession this year. The UK narrowly avoided entering a technical recession in 4Q22 and posted zero growth after falling 0.3% in 3Q22. The MSCI Europe closed at 153.64 (-0.92% DoD).
- ✓ **US Treasury yields** rose ahead of the inflation data release and following the weak demand on the 30-year bond Treasury auction last Thursday. On average, yields went up by 4.48 bps, with the 2Y closing at 4.52% (+3.50 bps) and the 10Y closing at 3.73% (+7.41 bps).
- ✓ The **US Dollar** strengthened ahead of the US inflation report due this week. The DXY closed at 103.63 (+0.40% DoD).