

February 14, 2023

LOCAL MARKETS

Local equities fell and local fixed income yields rose ahead of the BSP's Monetary Board policy meeting. The Philippine peso weakened as investors waited for the key US inflation data release.

Key Events

- ✓ **The Bureau of Treasury (BTr) partially awarded Treasury bills at higher rates across all tenors following the high January local inflation print.** BTr auctioned off Php14.6 billion Treasury bills on Monday and bids reached Php32.18 billion.
- ✓ **Globe Telecom, Inc. (PSE Ticker: GLO)** has completed the sale of 578 towers to Phil-Tower Consortium, Inc. for Php8.6 billion as part of its capital-raising strategy to strengthen its balance sheet. The company stated that it has completed 42% of the sale or 2,988 of its 7,059 units have been transferred to tower companies. This raised approximately Php39 billion so far.

Equities

- ✓ **Local equities** slightly fell as investors waited for the next moves of the Bangko Sentral ng Pilipinas (BSP) on its upcoming policy meeting this week. Market participants are also watching out for the release of key US inflation data. The PSEi closed at 6,838.76 (-0.55% DoD).

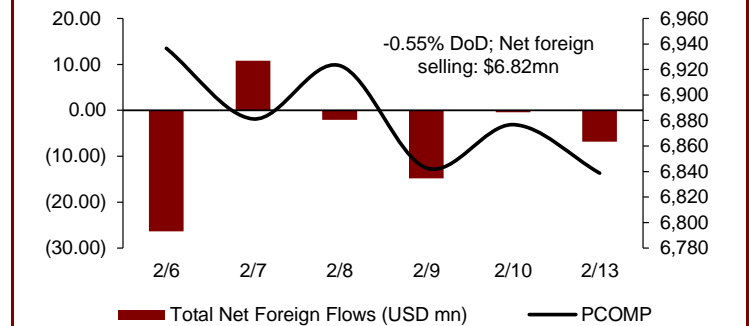
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0106	4.3545	5 years	+0.0272	5.9551
6 months	+0.0272	4.9651	7 years	+0.0136	6.1117
1 year	-0.0011	5.3241	10 years	+0.0031	6.2303
2 years	+0.0218	5.4056	20 years	+0.0898	6.6293
3 years	+0.0261	5.6397	30 years	+0.1031	6.6379
4 years	+0.0285	5.8166			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.420	54.760	EUR/USD	1.0678 1.0723

PSEi Snapshot



Previous:	6,876.8	PSEi change:	-0.55%
High:	6,902.9	Best:	MPI +4.27%
Low:	6,834.3	2nd best:	GTCAP +3.77%
Close:	6,838.8	2nd worst:	JGS -3.15%
Val. traded (mn):	4,915.7	Worst:	TEL -3.91%

Fixed Income

- ✓ **Local fixed income yields** continued to rise as investors priced in further hikes from the BSP. The treasury bill offering also pushed yields higher as awarded papers had higher yields across all tenors. On average, yields rose by 3.18 bps, led by the long-end which went up by 6.53 bps.

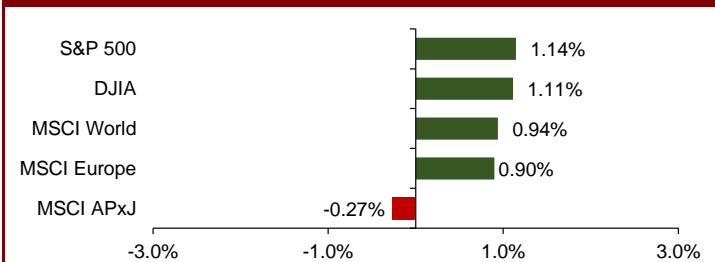
Philippine peso

- ✓ **The Philippine peso** weakened on Fed rate hike bets as investors looked ahead to the US CPI release. The USD/PHP pair closed at 54.76 (+0.62% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields fell, and the US Dollar weakened as investors waited for the upcoming release of key US inflation data.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0123	4.7468	5 years	-0.0122	3.9104
6 months	+0.0233	4.9232	10 years	-0.0304	3.7016
2 years	+0.0005	4.5175	30 years	-0.0430	3.7728

- ✓ **US equities** rose amid investors' hopes for cooling inflation ahead of the release of US inflation data. Expected industrial production recovery for the quarter also boosted market sentiment. The S&P 500 closed at 4,137.29 (+1.14% DoD) and the DJIA closed at 34,245.93 (+1.11% DoD).
- ✓ **Asian equities** were mixed but fell on average as investors braced for a slew of economic data releases which will determine the Fed's policy direction. Meanwhile, China outperformed on sustained optimism on the back of its economic reopening. The MSCI APxJ closed at 540.21 (-0.27% DoD).
- ✓ **European equities** rose as focus turned to the upcoming US inflation data release. Defense stocks also jumped on news of India aiming to triple its defense exports. The MSCI Europe closed at 155.02 (+0.90% DoD).
- ✓ **US Treasury yields** were mixed but fell on average as investors assessed the impact of the upcoming release of the US inflation print to the policy decision of the Fed. On average, yields went down by 0.82 bps, with the 2Y closing at 4.52% (+0.50 bps) and the 10Y closing at 3.70% (-3.04 bps).
- ✓ **The US Dollar** weakened as investors consolidated positions ahead of the US inflation data. The market is expecting headline CPI to rise 0.5% in January after falling 0.1% in December. The DXY closed at 103.35 (-0.28% DoD).

