

February 15, 2023

## LOCAL MARKETS

Local equities fell, local fixed income yields were mixed, and the Philippine peso weakened ahead of the US inflation data release.

### Key Events

- ✓ The **Bangko Sentral ng Pilipinas (BSP)** reported that **voluntary contributions in the Personal Equity and Retirement Account (PERA) grew by 30% to Php329.55 million in 2022**. The number of contributors to the fund also increased by 16% to 5,100 in 2022 from 4,382 in the previous year.
- ✓ **PLDT Inc. (PSE Ticker: TEL)** acknowledged that **Sophia Olsson**, a US shareholder, has filed a securities class-action lawsuit against the company and its officers for allegedly violating Federal Securities Laws. The case was reported to have stemmed from the Php48-billion budget overrun controversy.

### Equities

- ✓ **Local equities** fell on the back of investors' expectations that US inflation may surprise to the upside. Moreover, concerns over a potential larger rate hike from the **Bangko Sentral ng Pilipinas (BSP)** amid the elevated local inflation data also dampened market sentiment. The PSEI closed at 6,791.24 (-0.69% DoD).

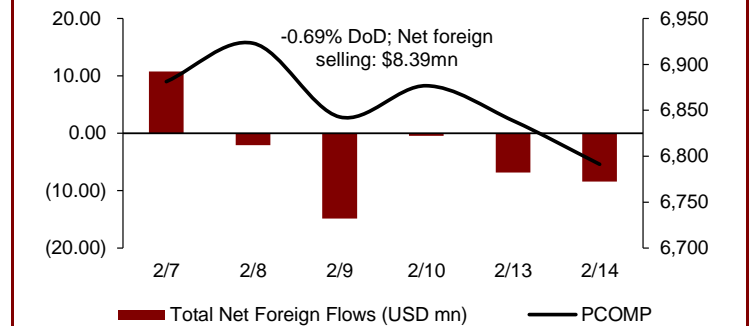
### Bond Market Movement

| Tenor    | Change  | Yield  | Tenor    | Change  | Yield  |
|----------|---------|--------|----------|---------|--------|
| 3 months | +0.0038 | 4.3583 | 5 years  | +0.0024 | 5.9575 |
| 6 months | +0.0068 | 4.9719 | 7 years  | +0.0242 | 6.1359 |
| 1 year   | -0.0106 | 5.3135 | 10 years | +0.0429 | 6.2732 |
| 2 years  | -0.0085 | 5.3971 | 20 years | -0.0007 | 6.6286 |
| 3 years  | -0.0125 | 5.6272 | 30 years | +0.0001 | 6.6380 |
| 4 years  | -0.0076 | 5.8090 |          |         |        |

### Foreign Exchange

|                 | Previous | Close  | Previous       | Close  |
|-----------------|----------|--------|----------------|--------|
| <b>PHP/USD*</b> | 54.760   | 54.830 | <b>EUR/USD</b> | 1.0723 |
|                 |          |        |                | 1.0738 |

### PSEi Snapshot



|                          |         |                     |              |
|--------------------------|---------|---------------------|--------------|
| <b>Previous:</b>         | 6,838.8 | <b>PSEi change:</b> | -0.69%       |
| <b>High:</b>             | 6,863.7 | <b>Best:</b>        | MPI +3.41%   |
| <b>Low:</b>              | 6,791.2 | <b>2nd best:</b>    | AP +3.38%    |
| <b>Close:</b>            | 6,791.2 | <b>2nd worst:</b>   | WLCON -2.88% |
| <b>Val. traded (mn):</b> | 5,348.7 | <b>Worst:</b>       | AEV -2.94%   |

### Fixed Income

- ✓ **Local fixed income yields** were mixed ahead of the US inflation data release. On average, yields rose by 0.37 bps, led by the long-end which went up by 1.41 bps.

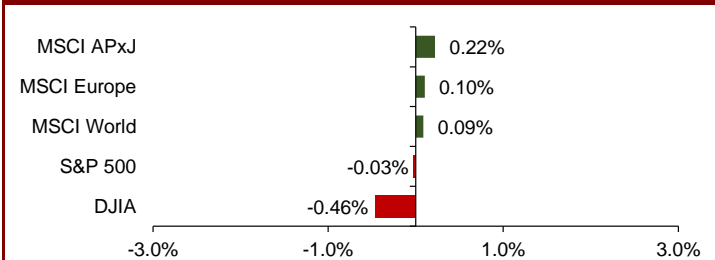
### Philippine peso

- ✓ The **Philippine peso** weakened as investors turned cautious ahead of the US inflation report. The currency was also dragged down by the local stock market's decline. The USD/PHP pair closed at 54.83 (+0.13% DoD).

## OVERSEAS MARKETS

Global equities were mixed, US Treasury yields rose, and the US Dollar weakened as market participants digested the latest US inflation print.

### Global Markets



### US Treasuries

| Tenor    | Change  | Yield  | Tenor    | Change  | Yield  |
|----------|---------|--------|----------|---------|--------|
| 3 months | -0.0326 | 4.7142 | 5 years  | +0.0906 | 4.0010 |
| 6 months | +0.0725 | 4.9957 | 10 years | +0.0419 | 3.7435 |
| 2 years  | +0.0979 | 4.6154 | 30 years | +0.0018 | 3.7746 |

- ✓ **US equities** slightly fell following the release of the higher-than-expected US inflation data. The January Consumer Price Index (CPI) report showed that inflation was up by 0.5% MoM and 6.4% YoY (vs. consensus expectations of 0.4% MoM and 6.2% YoY). The S&P 500 closed at 4,136.13 (-0.03% DoD) and the DJIA closed at 34,089.27 (-0.46% DoD).
- ✓ **Asian equities** rose ahead of the US inflation data release and as investors tracked Wall Street overnight gains on technology stocks. The MSCI APxJ closed at 541.41 (+0.22% DoD).
- ✓ **European equities** rose despite US inflation rising more than expected as upbeat corporate earnings lifted sentiment. Moreover, investors also digested the Eurozone seasonally-adjusted GDP data which grew by 0.10% in 4Q22, in line with expectations. The MSCI Europe closed at 155.18 (+0.10% DoD).
- ✓ **US Treasury yields** rose as investors digested the faster-than-expected US inflation data which rose to 6.4% versus expectation of 6.2%. This is still lower than the previous CPI print reported in December at 6.5%. On average, yields went up by 4.54 bps, with the 2Y closing at 4.62% (+9.79 bps) and the 10Y closing at 3.74% (+4.19 bps).
- ✓ The **US Dollar** was flat as investors focused on the release of US inflation data. January inflation rose 6.4%, ahead of the 6.2% consensus forecast but slower than the 6.5% print in December. The DXY closed at 103.35 (-0.11% DoD).

