

February 16, 2023

LOCAL MARKETS

Local equities rose, local fixed income yields were flat, and the Philippine peso weakened following the higher-than-expected US inflation data.

Key Events

- ✓ **The Bangko Sentral ng Pilipinas (BSP)** reported that cash remittances from Overseas Filipino Workers hit a record high of \$32.54 billion in FY2022. This was 3.6% higher than the \$31.42 billion in FY2021 but below the central bank's 4% estimate.
- ✓ **Manila Electric Co. (PSE Ticker: MER)** started the construction of the Meralco Island Cove Substation in Kawit, Cavite to support the increasing power demand in the area. The new substation, set to be completed by April 2024, will house 3 transformer banks with a combined capacity of 249 megavolt amperes (MVA).

Equities

- ✓ **Local equities** slightly rose amid bargain hunting after investors digested the higher-than-expected US inflation data. The PSEi closed at 6,822.09 (+0.45% DoD).

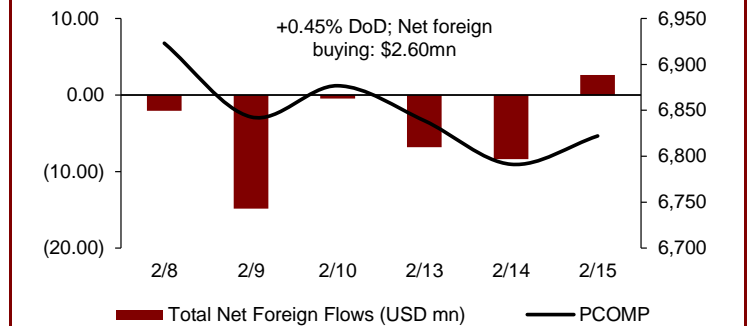
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0224	4.3807	5 years	+0.0065	5.9640
6 months	+0.0114	4.9833	7 years	+0.0076	6.1435
1 year	+0.0188	5.3323	10 years	+0.0188	6.2920
2 years	+0.0415	5.4386	20 years	-0.0814	6.5472
3 years	+0.0297	5.6569	30 years	-0.0944	6.5436
4 years	+0.0170	5.8260			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.830	55.170	EUR/USD	1.0738
				1.0689

PSEi Snapshot



Previous:	6,791.2	PSEi change:	0.45%
High:	6,829.0	Best:	URC +4.54%
Low:	6,747.1	2nd best:	AGI +3.03%
Close:	6,822.1	2nd worst:	ICT -2.23%
Val. traded (mn):	3,760.8	Worst:	CNVRG -2.29%

Fixed Income

- ✓ **Local fixed income yields** were flat as US inflation surprised to the upside. Investors also positioned ahead of the BSP's Monetary Board Meeting today as they are expecting a possible 50-bps rate hike. On average, yields fell by 0.02 bps, led by the long-end which went down by 5.23 bps.

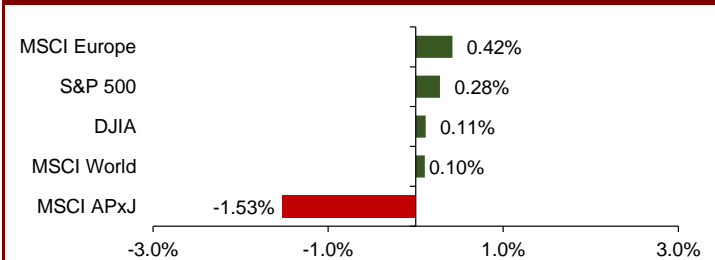
Philippine peso

- ✓ The **Philippine peso** weakened as the Dollar strengthened amid fears of rate hikes from the Fed following the release of the higher-than-expected US inflation. The USD/PHP pair closed at 55.17 (+0.62% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields rose, and the US Dollar strengthened as investors digested the strong US retail sales data and inflation data releases

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0357	4.7499	5 years	+0.0358	4.0368
6 months	-0.0240	4.9717	10 years	+0.0614	3.8049
2 years	+0.0155	4.6309	30 years	+0.0664	3.8410

- ✓ **US equities** marginally rose as investors digested the upbeat US retail sales data and the higher-than-anticipated January inflation print. US retail sales grew by 3% in January, higher than consensus expectations of 2.0%. The S&P 500 closed at 4,147.60 (+0.28% DoD) and the DJIA closed at 34,128.05 (+0.11% DoD).
- ✓ **Asian equities** tumbled as Fed rate hike bets emerged after the US CPI print came out higher-than-expected. China equities also slipped as investors looked out for more signs of economic recovery. The MSCI APxJ closed at 533.13 (-1.53% DoD).
- ✓ **European equities** rose amid positive sentiment after UK CPI data showed inflation declined for the third month in a row. The January inflation print stood at 10.1%, below the consensus estimate of 10.3% and the 10.5% print recorded in December 2022. The MSCI Europe closed at 155.83 (+0.42% DoD).
- ✓ **US Treasury yields** continued to rise as US retail sales data surprised to the upside. On average, yields went up by 4.97 bps, with the 2Y closing at 4.63% (+1.55 bps) and the 10Y closing at 3.80% (+6.14 bps).
- ✓ The **US Dollar** rose as strong retail sales in the US bolstered the case for higher interest rates. The DXY closed at 103.92 (+0.67% DoD).

