

February 21, 2023

LOCAL MARKETS

Local equities fell, local fixed income yields rose, and the Philippine peso strengthened on increasing rate hike bets.

Key Events

- ✓ **The Bangko Sentral ng Pilipinas (BSP)** reported that the country recorded a **Balance of Payments (BoP) surplus of \$3.08 billion in January 2023**. This was the largest BoP surplus since the \$4.24 billion surplus posted in December 2020, and following the \$102 million deficit recorded in January 2022. The BoP surplus was on the back of the proceeds from the Philippine government's issuance in the offshore debt market.
- ✓ **Metro Pacific Investments Corp (PSE Ticker: MPI)** together with its Israel-based LR Group will invest around Php800 million to Php1 billion in vegetable greenhouse facility. The greenhouse facility will be located in Bulacan and is expected to be completed in 12 months.

Equities

- ✓ **Local equities** declined further as the Bangko Sentral ng Pilipinas' (BSP) hints of further rate hikes weighed on market sentiment. Investors also assessed monetary policy outlook after hawkish comments from the US Fed ahead of its policy meeting this week. The PSEi closed at 6,744.12 (-0.51% DoD).

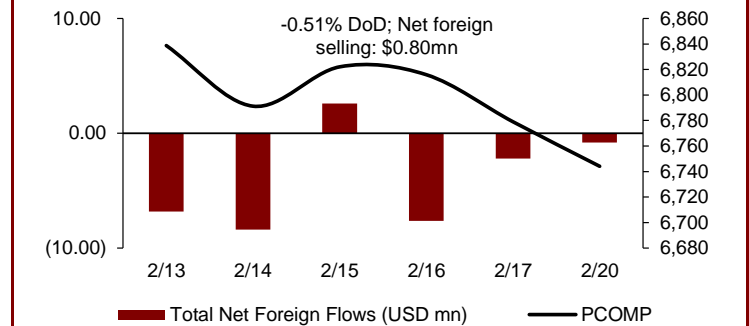
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0401	4.5169	5 years	+0.0078	5.9981
6 months	+0.0511	5.0448	7 years	-0.0077	6.1774
1 year	+0.0534	5.4017	10 years	-0.0121	6.3514
2 years	+0.0370	5.6151	20 years	-0.0005	6.5720
3 years	+0.0316	5.7687	30 years	-0.0015	6.5749
4 years	+0.0209	5.8901			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.240	54.950	EUR/USD	1.0695
				1.0686

PSEi Snapshot



Previous:	6,779.0	PSEi change:	-0.51%
High:	6,795.0	Best:	TEL +1.40%
Low:	6,735.5	2nd best:	LTG +1.16%
Close:	6,744.1	2nd worst:	AP -1.95%
Val. traded (mn):	2,154.0	Worst:	PGOLD -3.32%

Fixed Income

- ✓ **Local fixed income yields** continued to rise as investors weighed future rate hikes. Fitch Solution recently revised its year-end policy rate forecast to 6.5% from 6.0%. The recent treasury bill issuance also pushed yields higher as awarded papers were 11.1 to 18.3 bps higher than last week's auction. On average, yields rose by 2.00 bps, led by the short-end which went up by 4.54 bps.

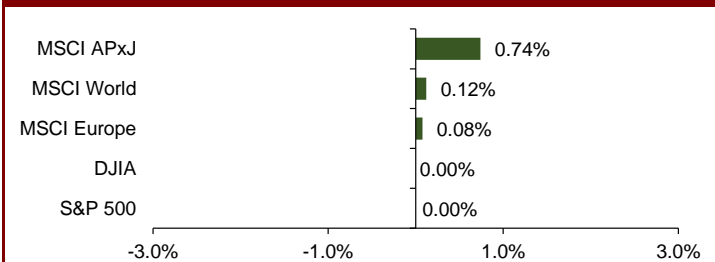
Philippine peso

- ✓ The **Philippine peso** strengthened on hawkish bets as the Bangko Sentral ng Pilipinas signaled more rate hikes to quell inflation. Global crude oil prices which eased over the weekend also helped support the local currency. The USD/PHP pair closed at 54.95 (-0.52% DoD).

OVERSEAS MARKETS

US equities, US Treasury yields, and the US Dollar were unchanged as markets were closed in celebration of Washington's Day. European and Asian equities rose amid positive economic outlook.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-	4.7857	5 years	-	4.0291
6 months	-	5.0082	10 years	-	3.8148
2 years	-	4.6169	30 years	-	3.8693

- ✓ **US equities** were unchanged as markets were closed in observance of Presidents' Day. The S&P 500 closed at 4,079.09 (0.00% DoD) and the DJIA closed at 33,826.69 (0.00% DoD).
- ✓ **Asian equities** rallied on growing optimism over China's recovery as traffic and subway congestion data showed near-normal levels but gains were capped by monetary tightening fears. The MSCI APxJ closed at 533.68 (+0.74% DoD).
- ✓ **European equities** closed higher as the economic outlook for the region continued to improve. Eurozone consumer confidence increased to -19.0 in February, up from January's -20.7. The MSCI Europe closed at 155.99 (+0.08% DoD).
- ✓ **US Treasury yields** were unchanged as markets were closed in celebration of Washington's Day. On average, yields were unchanged, with the 2Y at 4.62% (0.00 bps) and the 10Y at 3.81% (0.00 bps).
- ✓ The **US Dollar** was unchanged as markets were closed in observance of Washington's Day. The DXY closed at 103.86 (+0.00% DoD).

