

February 27, 2023

LOCAL MARKETS

Local equities fell, local fixed income yields were flat, and the Philippine peso strengthened as investors weighed recent central bank statements.

Key Events

- ✓ According to Department of Finance (DoF) Secretary Benjamin Diokno, the Philippine government is considering to offer dollar-denominated retail Treasury bonds (RTBs) in 2Q23. The offering was earlier targeted within 1Q23 but was pushed back following the Php162.18-billion RTB auction held earlier this month. Mr. Diokno said there is no set volume for the proposed retail dollar bond offering.
- ✓ PLDT Inc. (PSE Ticker: TEL) is targeting to exceed 1,000 terabits of international capacity by 2027 through investing in subsea cables that will help meet the demand for international network capacity and improve the online experience of customers. PLDT is on track to reach 100-terabit capacity by end-2023.

Equities

- ✓ Local equities slightly fell on Thursday as investors digested the latest US Fed minutes of the meeting which showed that the Fed is expecting further rate hikes to bring the elevated US inflation down to its 2% target. The PSEI closed at 6,685.90 (-0.20% DoD).

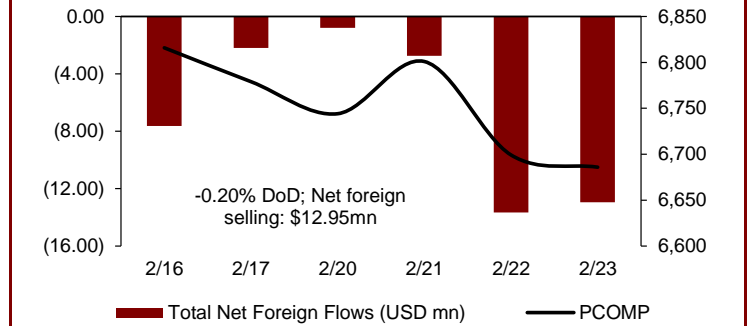
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0134	4.4988	5 years	-0.0161	6.0000
6 months	+0.0713	5.1415	7 years	-0.0233	6.1534
1 year	+0.0077	5.4464	10 years	-0.0257	6.3178
2 years	+0.0186	5.6531	20 years	-0.0249	6.5374
3 years	+0.0062	5.8007	30 years	-0.0193	6.5324
4 years	-0.0064	5.9080			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.180	54.870	EUR/USD	1.0605
				1.0596

PSEI Snapshot



Previous:	6,699.2	PSEI change:	-0.20%
High:	6,704.9	Best:	AEV +1.85%
Low:	6,666.4	2nd best:	URC +1.81%
Close:	6,685.9	2nd worst:	MPI -3.11%
Val. traded (mn):	3,356.6	Worst:	JGS -3.33%

Fixed Income

- ✓ Local fixed income yields were flat last Thursday as investors continued to weigh the signals from the Bangko Sentral ng Pilipinas (BSP) and the US Federal Reserve. On average, yields went up by 0.01 bps, led by the short-end which increased by 2.77 bps.

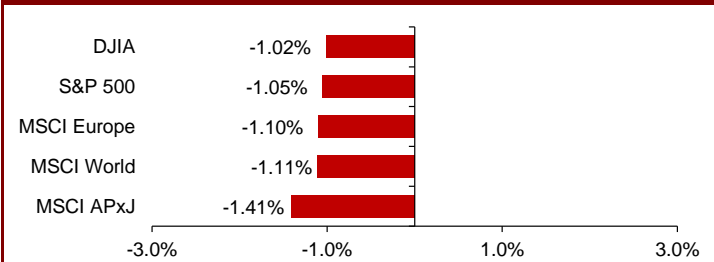
Philippine peso

- ✓ The Philippine peso strengthened on Thursday, boosted by hawkish remarks from the BSP and expectations of a narrower balance of payments deficit this year. The USD/PHP pair closed at 54.87 (-0.56% DoD).

OVERSEAS MARKETS

Global equities went down, US Treasury yields fell, and the US Dollar strengthened as investors digested the fresh batch of US economic data releases, the Fed's minutes of the meeting, and concerns over the Sino-US geopolitical tensions.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0253	4.7811	5 years	+0.1088	4.2152
6 months	+0.0192	5.0861	10 years	+0.0664	3.9432
2 years	+0.1162	4.8136	30 years	+0.0461	3.9309

- ✓ US equities plunged on Friday as investors digested the higher-than-expected January Personal Consumption Expenditures Price (PCE) Index which added to worries that the US Fed will keep policy rates higher for longer. Core PCE, which is the US Fed's preferred inflation measure that excludes food and energy prices, rose 0.6% MoM and 4.7% YoY in January (vs. consensus expectations of 0.4% MoM and 4.3% YoY). The S&P 500 closed at 3,970.04 (-1.05% DoD) and the DJIA closed at 32,816.92 (-1.02% DoD).
- ✓ Asian equities declined as sentiment was dampened by growing Sino-US geopolitical tensions. This was after news that the US plans to send more troops to train the local army in Taiwan. The MSCI APxJ closed at 515.83 (-1.41% DoD).
- ✓ European equities fell as a slew of US economic data fueled concerns that central banks are far from done raising interest rates. Additionally, German GDP dropped by 0.4% in 4Q22, with a prior flash estimate showing a 0.2% decline. The MSCI Europe closed at 153.49 (-1.10% DoD).
- ✓ US Treasury yields rose last Friday as investors digested the Fed's minutes of the meeting and the release of the personal spending which rose by 1.8% in January. On average, yields went up by 5.52 bps, with the 2Y closing at 4.81% (+11.62 bps) and the 10Y closing at 3.94% (+6.64 bps).
- ✓ The US Dollar strengthened after another round of data showing continued high inflation reinforced predictions that interest rates will remain high for a longer period of time. The DXY closed at 105.21 (+0.59% DoD).