

January 3, 2023

LOCAL MARKETS

Local equities were flat, local fixed income yields were mixed, and the Philippine Peso strengthened ahead of the long weekend.

Key Events

- ✓ **Analysts project that headline inflation had likely peaked in December amid strong holiday spending and agricultural damage caused by recent typhoons.** A BusinessWorld poll resulted in an 8.3% median estimate for the month, which would bring full-year average inflation to 5.8%, in line with the Bangko Sentral ng Pilipinas's (BSP) forecast for 2022.
- ✓ **ACEN Corp. (PSE Ticker: ACEN)** expects at least 700 megawatts (MW) of its solar and wind projects, or 70% of the 1,000 MW in its pipeline, to start operating in the next 12 months. This would help the country achieve its target energy mix of 35% renewable energy by 2030 and 50% by 2040.

Equities

- ✓ **Local equities** were flat last Thursday as investors moved to the sidelines ahead of the announced holiday on Monday and as investors keep a cautious stance as the year 2023 starts. The PSEi closed at 6,566.39 (+0.00% DoD).

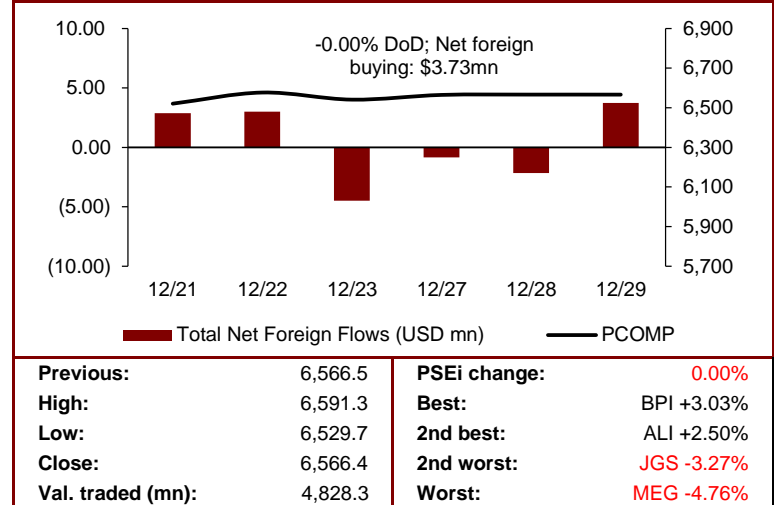
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0187	4.2269	5 years	+0.0198	6.4700
6 months	-0.0141	4.9002	7 years	-0.0029	6.6585
1 year	+0.0051	5.2099	10 years	-0.0231	6.9860
2 years	+0.0300	5.9706	20 years	-0.0322	7.2234
3 years	+0.0370	6.2464	30 years	-0.0322	7.2203
4 years	+0.0249	6.3755			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	56.200	55.755	EUR/USD	1.0705	1.0667

PSEi Snapshot



Fixed Income

- ✓ **Local fixed income yields** were mixed ahead of the long weekend and as investors waited for the inflation data release. On average, yields went up by 0.28 bps, led by the belly of the curve which rose by 1.97 bps.

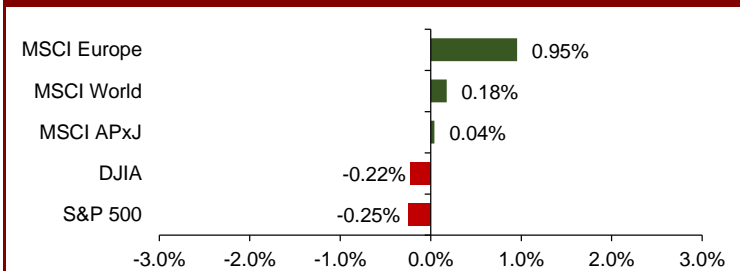
Philippine peso

- ✓ The **Philippine peso** strengthened ahead of the long weekend. Investors also waited for the manufacturing purchasing managers' index and inflation data this week. The USD/PHP pair closed at 55.76 (-0.79% DoD).

OVERSEAS MARKETS

US equities dropped last Friday amid expectations that current challenges will linger in 2023. Asian equities slightly rose and the US Dollar was flat ahead of economic data release. European equities slightly gained amid bargain hunting. US Treasury yields were unchanged as the markets were closed due to the New Year holiday.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-	4.3429	5 years	-	4.0039
6 months	-	4.7532	10 years	-	3.8748
2 years	-	4.4258	30 years	-	3.9630

- ✓ **US equities** slipped on the last trading day of the year, marking its worst year since 2008, as investors expect challenges to persist in 2023. The S&P 500 closed at 3,839.50 (-0.25% DoD) and the DJIA closed at 33,147.25 (-0.22% DoD).
- ✓ **Asian equities** slightly rose ahead of a slew of economic data due this week but investors remained cautious as several markets were closed for the holidays. The MSCI APxJ closed at 505.85 (+0.04% DoD).
- ✓ **European equities** rose as investors went bargain hunting as markets were closed in some regions due to the holiday. The MSCI Europe closed at 143.86 (+0.95% DoD).
- ✓ **US Treasury yields** were unchanged as markets were closed last Monday for New Year's Day. On average, yields were unchanged, with the 2Y closing at 4.43% (+0.00 bps) and the 10Y at 3.87% (+0.00 bps).
- ✓ The **US Dollar** was relatively flat as investors waited for upcoming data releases and weighed signs that the US Fed's tightening cycle may be nearing its end. The DXY closed at 103.52 (-0.30% DoD).