

January 5, 2023

LOCAL MARKETS

Local equities gained amid the upbeat PH manufacturing PMI report. Local fixed income yields were mixed and the Philippine peso weakened ahead of the local inflation data release.

Key Events

- ✓ **The Bangko Sentral ng Pilipinas reported that bank lending slowed down in November as high interest rates discouraged borrowing.** Universal and commercial banks' outstanding loans rose by 13.7% to Php10.64 trillion in November, a slight decrease from the 13.9% expansion the month prior.
- ✓ **Converge ICT Solutions, Inc.'s (PSE Ticker: CNVRG) Singapore unit was granted a Facilities-Based Operations (FBO) license by the Infocomm Media Development Authority (IMDA) to provide international connectivity services and fiber optic cable capacity to Singapore-based clients as the company aims to expand its international wholesale business.**

Equities

- ✓ **Local equities inched up amid positive sentiment following the improvement in local PMI.** The S&P Global Philippine Manufacturing PMI rose to 53.1 in December from 52.7 November. The PSEi closed at 6,718.50 (+2.01% DoD).

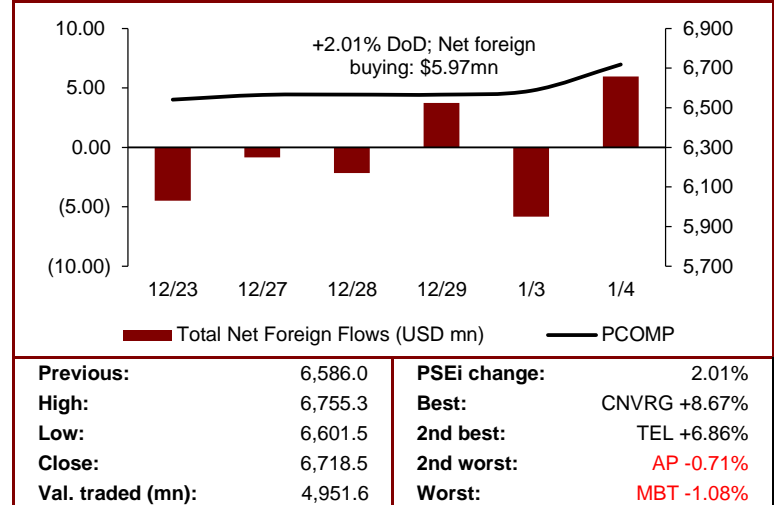
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0029	4.2533	5 years	-0.0102	6.5475
6 months	-0.0116	4.8684	7 years	+0.0245	6.7806
1 year	+0.0119	5.2533	10 years	+0.0687	7.0841
2 years	-0.0309	5.9106	20 years	+0.0407	7.2693
3 years	-0.0413	6.2069	30 years	+0.0427	7.2650
4 years	-0.0246	6.3987			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.790	55.910	EUR/USD	1.0548	1.0604

PSEi Snapshot



Fixed Income

- ✓ **Local fixed income yields** were mixed but rose on average ahead of the release of the local inflation data and the US Federal Reserve meeting minutes. On average, yields went up by 0.66 bps, led by the long-end of the curve which rose by 5.07 bps.

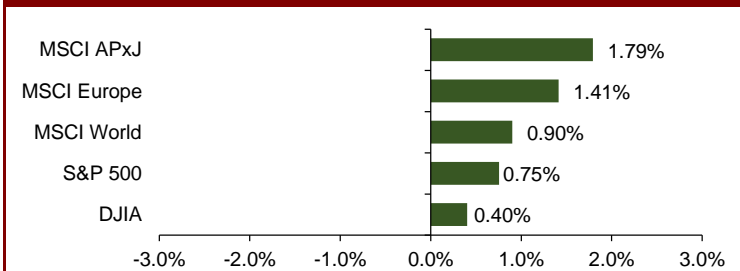
Philippine peso

- ✓ The **Philippine peso** weakened ahead of the December inflation data release and cautious sentiment amid global recession worries. The USD/PHP pair closed at 55.91 (+0.22% DoD).

OVERSEAS MARKETS

US and Asian equities rose, US Treasury yields fell and the US Dollar weakened as investors assess the Fed minutes of the meeting and the US manufacturing data. European equities inched up amid better-than-expected economic data.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.1275	4.4828	5 years	-0.0538	3.8402
6 months	-0.0042	4.7537	10 years	-0.0562	3.6827
2 years	-0.0165	4.3534	30 years	-0.0414	3.7975

- ✓ **US equities** climbed as investors looked past the hawkish sentiment from the Federal Reserve's December minutes but gains were capped by the December ISM Manufacturing Index which remained at contractionary level for the second straight month. The S&P 500 closed at 3,852.97 (+0.75% DoD) and the DJIA closed at 33,269.77 (+0.40% DoD).
- ✓ **Asian equities** were mixed but rose on average as investors weighed downbeat Wallstreet sentiment ahead of the Fed's December minutes release and optimism in China after Beijing rolled back its strict COVID restrictions. The MSCI APxJ closed at 517.30 (+1.79% DoD).
- ✓ **European equities** gained on better-than-expected French inflation data and eurozone PMI figures. The positive economic data fueled hopes of a shallow recession. The MSCI Europe closed at 147.79 (+1.41% DoD).
- ✓ **US Treasury yields** fell as investors digested the Fed minutes and the lower-than-expected ISM Manufacturing Index. On average, yields were down by 4.75 bps, with the 2Y closing at 4.35% (-1.65 bps) and the 10Y at 3.68% (-5.62 bps).
- ✓ The **US Dollar** weakened as investors focused on the release of the US Fed's minutes of the meeting. The DXY closed at 104.25 (-0.26% DoD).