

January 10, 2023

LOCAL MARKETS

Local equities rose as investors digested local and global economic data releases. Local fixed income yields fell on bargain hunting. The Philippine Peso strengthened amid the upbeat gross international reserves data.

Key Events

- ✓ **The Philippine government is turning to the international market as it seeks to raise \$1.5 billion in sustainability bonds.** The bonds will come in 3 tranches and will consist of 5-year, 10.5-year, and 25-year tenors with at least \$500 million each. The proceeds will be used for general financing and the financing of assets under the Philippine government's sustainability framework.
- ✓ **ACEN Corp. (PSE Ticker: ACEN) secures AUD277 million loan to fund its renewable projects in Australia.** The loan forms part of the ACEN's AUD600 million target for its renewable projects to be capitalized in Australia which has more than 1.5 gigawatts of projects in the Company's pipeline.

Equities

- ✓ **Local equities** rose as investors focused on US economic data releases. Investors also reacted on recent release of the GIR which grew in December. The PSEi closed at 6,790.24 (+1.83% DoD).

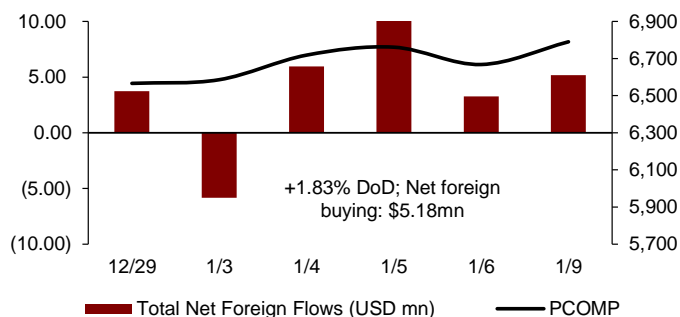
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0043	4.2630	5 years	-0.0166	6.5778
6 months	-0.0129	4.8611	7 years	-0.0417	6.8236
1 year	+0.0446	5.3128	10 years	-0.0927	7.1192
2 years	+0.0086	5.9659	20 years	+0.0261	7.2988
3 years	+0.0289	6.2593	30 years	+0.0135	7.2820
4 years	+0.0049	6.4355			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.640	55.110	EUR/USD	1.0644	1.0730

PSEi Snapshot



Previous:	6,668.0	PSEi change:	1.83%
High:	6,790.2	Best:	BPI +5.37%
Low:	6,685.1	2nd best:	JGS +4.37%
Close:	6,790.2	2nd worst:	JFC 0.00%
Val. traded (mn):	4,649.1	Worst:	SM 0.00%

Fixed Income

- ✓ **Local fixed income yields** were mixed but fell on average as investors went bargain hunting. Prior to this session, yields rose for 8 straight trading days as investors weighed hawkish central bank sentiment and inflation data. On average, yields went down by 0.38 bps, led by the long-end of the curve which fell by 1.77 bps.

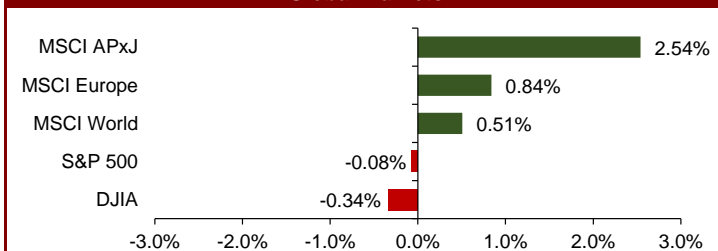
Philippine peso

- ✓ **The Philippine peso** strengthened after data from the Bangko Sentral ng Pilipinas showed that gross international reserves rose to \$96.0 billion in December 2022. Bets that the US Federal Reserve will slow down the pace of its rate hikes also lifted sentiment. The USD/PHP pair closed at 55.11 (-0.95% DoD).

OVERSEAS MARKETS

US equities dropped, the US Treasury yields fell and the US dollar weakened ahead of the US inflation data release. Asian and European equities rose amid continued optimism on China's reopening.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0149	4.5939	5 years	-0.0243	3.6737
6 months	+0.0233	4.8090	10 years	-0.0259	3.5321
2 years	-0.0397	4.2077	30 years	-0.0275	3.6599

- ✓ **US equities** modestly fell ahead of the December consumer price index print and banks' earnings announcements scheduled later in the week. The S&P 500 closed at 3,892.09 (-0.08% DoD) and the DJIA closed at 33,517.65 (-0.34% DoD).
- ✓ **Asian equities** rose, tracking Wallstreet gains, as investors were encouraged by China's economic reopening after 3 years of COVID-19 woes. Fed rate hike bets were also scaled back as economic data showed signs of abating inflation, boosting risk appetite. The MSCI APxJ closed at 535.69 (+2.54% DoD).
- ✓ **European equities** rose as the further reopening of the Chinese economy lifted market sentiment. The MSCI Europe closed at 150.50 (0.84% DoD).
- ✓ **US Treasury yields** fell as investors continued to assess the policy direction of the Fed while they await for the upcoming release of the US inflation data. On average, yields were down by 1.32 bps, with the 2Y closing at 4.21% (-3.97 bps) and the 10Y at 3.53% (-2.59 bps).
- ✓ **The US Dollar** weakened as traders bet that the recent economic data would prompt the Federal Reserve to slow the pace of interest rate hikes. The DXY closed at 103.00 (-0.85% DoD).

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