

January 12, 2023

LOCAL MARKETS

Local equities and local fixed income yields fell ahead of US inflation data. The Philippine peso strengthened amid positive foreign direct investments data.

Key Events

- ✓ **The World Bank is forecasting Philippine growth to decelerate to 5.4% in 2023, from a forecasted 7.2% in 2022.** The 2023 projection was downgraded from the initial forecast of 5.6% released last June. The multilateral lender attributed the slowdown in growth to lower exports to major markets as they grapple with high inflation and interest rates.
- ✓ **Megawide Construction Corp. (PSE Ticker: MWIDE) is looking to raise Php1.5 billion via preferred shares issuance to redeem its Series 2A preferred share due on May 27, 2023.** The offer period is targeted for March 13 to 21, 2023 with the tentative listing date on March 31, 2023.

Equities

- ✓ **Local equities** went down as investors waited for the release of the US inflation data and the possible moves of the US Federal Reserve and the Bangko Sentral ng Pilipinas. The PSEi closed at 6,709.34 (-0.70% DoD).

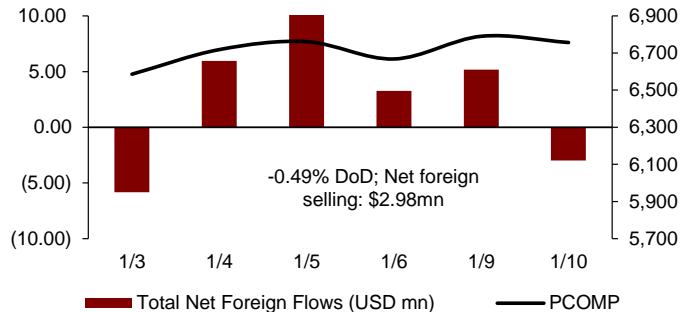
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0374	4.3004	5 years	-0.0474	6.5304
6 months	+0.0599	4.9210	7 years	-0.1001	6.7235
1 year	+0.0617	5.3745	10 years	-0.1467	6.9725
2 years	-0.0095	5.9564	20 years	-0.1238	7.1750
3 years	-0.0215	6.2378	30 years	-0.0649	7.2171
4 years	-0.0308	6.4047			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.110	54.870	EUR/USD	1.0730	1.0733

PSEi Snapshot



Previous:	6,790.2	PSEi change:	-0.49%
High:	6,783.4	Best:	MPI +7.78%
Low:	6,740.0	2nd best:	ICT +2.53%
Close:	6,756.7	2nd worst:	ALI -2.28%
Val. traded (mn):	4,235.1	Worst:	ACEN -3.95%

Fixed Income

- ✓ **Local fixed income yields** continued to fall ahead of US inflation data. On average, yields went down by 5.27 bps, led by the long-end of the curve which fell by 11.35 bps.

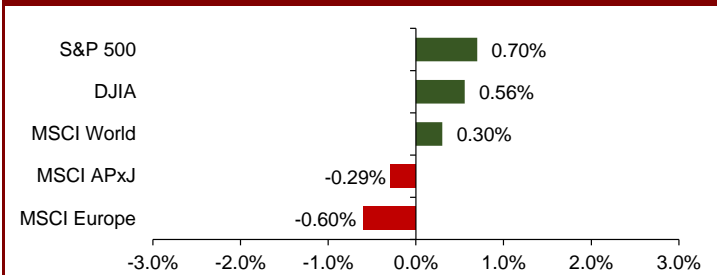
Philippine peso

- ✓ **The Philippine Peso** strengthened to its strongest level in six months as investors weighed the foreign direct investments data which rose to six-month high in October and China's easing COVID-19 restrictions. This was also ahead of the US inflation data release. The USD/PHP pair closed at 54.80 (-0.13% DoD).
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OVERSEAS MARKETS

Global equities rose, US Treasury yields were down, and the US Dollar was flat as investors wait for the US inflation print.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0094	4.5845	5 years	+0.0569	3.7306
6 months	-0.0072	4.8018	10 years	+0.0867	3.6188
2 years	+0.0395	4.2472	30 years	+0.0940	3.7539

- ✓ **US equities** rose as investors await the inflation data release which could signal a potential slower pace of Fed interest rate hikes ahead. The S&P 500 closed at 3,969.61 (+1.28% DoD) and the DJIA closed at 33,973.01 (+0.80% DoD).
- ✓ **Asian equities** went up, following Wall Street gains, amid increasing bets of softer US inflation. The MSCI APxJ closed at 535.77 (+0.30% DoD).
- ✓ **European equities** gained as investors looked ahead of the US inflation data release. The MSCI Europe closed at 150.15 (+0.37% DoD).
- ✓ **US Treasury yields** fell as investors expect the upcoming US inflation reading to ease and the Fed to slow down the pace of its interest rate hikes. On average, yields went down by 2.76 bps, with the 2Y closing at 4.22% (-2.93 bps) and the 10Y at 3.54% (-7.96 bps).
- ✓ The **US Dollar** was flat as traders avoided big moves ahead of the inflation data. The DXY closed at 103.19 (-0.05% DoD).