

January 17, 2023

LOCAL MARKETS

Local equities rose amid improved outlook globally. Local fixed income yields continued to decline on expectations of slower rate hikes from the US Fed. The Philippine peso strengthened on positive OFW remittances data.

Key Events

- ✓ **Fitch Solutions Country Risk & Industry Research expects the Bangko Sentral ng Pilipinas' (BSP) policy rate to reach 6.25% by 1H23.** It also forecasts inflation to hit below 4% only by 4Q23 which may cause the central bank to maintain its tightening cycle a little longer. The next BSP meeting is on Feb 16, where the governor signaled a potential 25 to 50 bps hike.
- ✓ **Converge ICT Solutions Inc (PSE Ticker: CNVRG) will allot Php3 billion for infrastructure projects this year.** This came after the company saved Php2.64 billion from the Php9.85 billion net proceeds of its recent bond issuance. For 2023, the company is also looking to reduce its capex to below the 2022 guidance of Php21 billion to Php23 billion.

Equities

- ✓ **Local equities** breached the 7,000 level, rising to a 9-month high, driven by improved outlook globally. Moreover, this was also amid the stronger peso as investors reckon expectations of slower rate hikes from the Fed. The PSEi closed at 7,045.48 (+1.35% DoD).

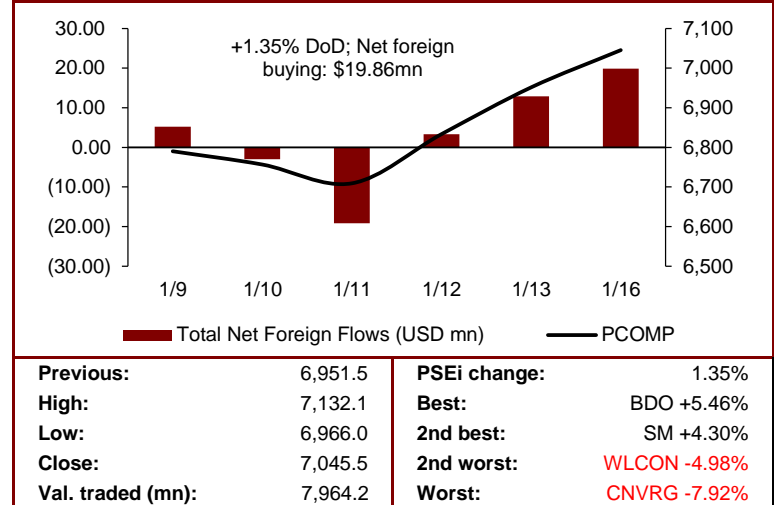
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0065	4.3822	5 years	-0.0791	6.1492
6 months	-0.0394	5.0053	7 years	-0.1067	6.2880
1 year	+0.0315	5.4445	10 years	-0.0762	6.4230
2 years	-0.0517	5.6749	20 years	+0.0130	7.0695
3 years	-0.0514	5.9121	30 years	+0.0053	7.0393
4 years	-0.0612	6.0514			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	54.890	54.575	EUR/USD	1.0830	1.0822

PSEi Snapshot



Fixed Income

- ✓ **Local fixed income yields** continued to fall as investors priced in slower Fed rate hikes. On average, yields went down by 3.84 bps, led by the belly of the curve which fell by 7.46 bps.

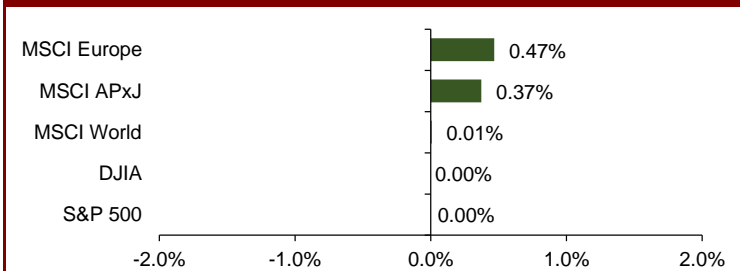
Philippine peso

- ✓ The **Philippine peso** strengthened as investors digested the Overseas Filipino Workers (OFW) remittances data which rose to \$2.93 billion in November from \$2.77 billion from a year ago. The USD/PHP pair closed at 54.58 (-0.57% DoD).

OVERSEAS MARKETS

US equities, US Treasury yields and the US dollar were unchanged as markets were closed in celebration of the Martin Luther King Jr. Holiday. European equities rose amid an upbeat key economic data. Asian equities were mixed after the People's Bank of China injected more liquidity into the banking system.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-	4.5732	5 years	-	3.6107
6 months	-	4.7718	10 years	-	3.5035
2 years	-	4.2321	30 years	-	3.6103

- ✓ **US equities** were unchanged as markets were closed in observance of the Martin Luther King Jr. Federal holiday. The S&P 500 closed at 3,999.09 (+0.00% DoD) and the DJIA closed at 34,302.61 (+0.00% DoD).
- ✓ **Asian equities** were mixed but rose on average after the People's Bank of China injected more liquidity into the banking system. Gains were tempered by investors cautiousness as they await the Bank of Japan's next policy move. The MSCI APxJ closed at 546.30 (+0.37% DoD).
- ✓ **European equities** rose amid optimism after German wholesale prices fell by 1.6% in December 2022. The MSCI Europe closed at 152.57 (+0.47% DoD).
- ✓ **US Treasury yields** were unchanged as markets were closed due to the Martin Luther King Jr. holiday. On average, yields were unchanged, with the 2Y closing at 4.23% (+0.00 bps) and the 10Y at 3.50% (+0.00 bps).
- ✓ The **US Dollar** was unchanged as markets were closed in observance of the Martin Luther King Jr. day. The DXY closed at 102.20 (-0.00% DoD).