

January 20, 2023

LOCAL MARKETS

Local equities declined, local fixed income yields fell, and the Philippine peso weakened on downbeat US economic data.

Key Events

- ✓ **The Bangko Sentral ng Pilipinas (BSP)** reported that the balance of payments posted a \$612 million surplus in December, bringing the full-year figure to a record \$7.3 billion deficit. The BSP attributed the full-year deficit to the increase in imports amid the rise in international commodity prices and resumption in domestic economic activities.
- ✓ **Globe Telecom, Inc. (PSE Ticker: GLO)** announced that its \$150 million domestic submarine cable network project is on track for completion in April 2023. The project has a total cable distance of 2,500 kilometers and will kick off landing cables in nine remaining segments that cover 13 sites.

Equities

- ✓ **Local equities** fell, tracking US equities, amid negative sentiment amid weak US retail sales in December and mixed earnings results from the US companies. The PSEi closed at 7,062.01 (-0.46% DoD).

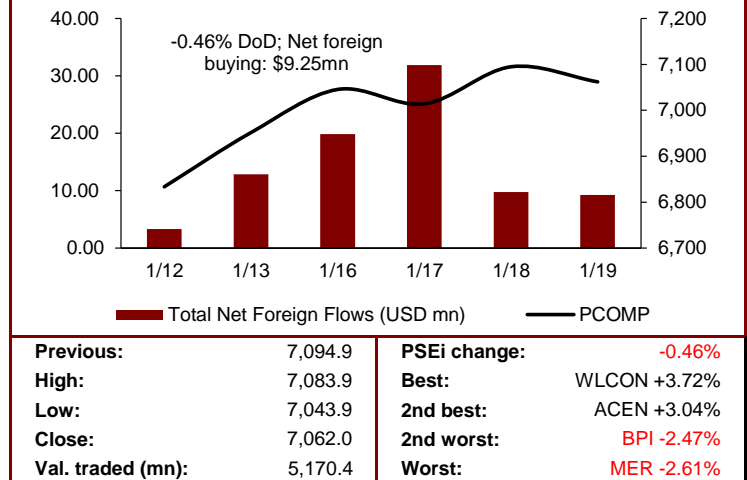
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0283	4.3043	5 years	-0.0669	6.0213
6 months	+0.0232	4.9927	7 years	-0.0537	6.1221
1 year	+0.0079	5.4565	10 years	-0.0375	6.2535
2 years	-0.0162	5.6324	20 years	-0.0362	6.5932
3 years	-0.0398	5.8432	30 years	-0.0301	6.5417
4 years	-0.0576	5.9534			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.620	54.630	EUR/USD	1.0794
				1.0833

PSEi Snapshot



Fixed Income

- ✓ **Local fixed income yields** continued to fall on sluggish US retail sales and industrial production data. On average, yields went down by 3.05 bps, led by the belly of the curve which fell by 5.45 bps.

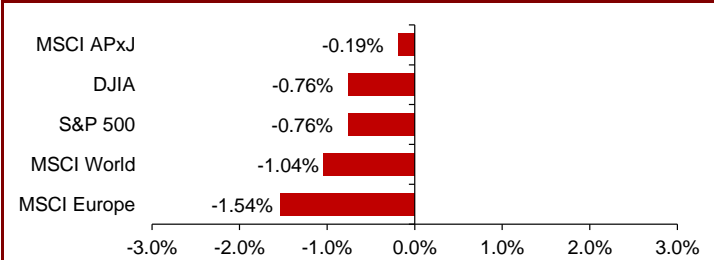
Philippine peso

- ✓ The **Philippine peso** marginally weakened on downbeat US economic data which have prompted recession fears. US retail sales fell by 1.1% MoM and industrial production tumbled by 0.7% in December. The USD/PHP pair closed at 54.63 (+0.02% DoD).

OVERSEAS MARKETS

Global equities fell, US Treasury yields rose and the US dollar weakened as investors assessed US economic data releases and earnings reports from US companies.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0006	4.6377	5 years	+0.0443	3.4828
6 months	+0.0180	4.8062	10 years	+0.0217	3.3915
2 years	+0.0439	4.1264	30 years	+0.0235	3.5613

- ✓ **US equities** continued to give up earlier gains as a still-tight jobs market fueled fears of more Fed rate hikes ahead. The US Labor department reported that initial filings for unemployment insurance fell despite post-pandemic layoffs from big techs and banks. The S&P 500 closed at 3,898.85 (-0.76% DoD) and the DJIA closed at 33,044.56 (-0.76% DoD).
- ✓ **Asian equities** were mixed but fell on average as investors pulled back after Wallstreet's consecutive losses. Risk-off mood was also fueled by a slew of disappointing US economic data. The MSCI APxJ closed at 544.89 (-0.19% DoD).
- ✓ **European equities** fell as disappointing earnings reports, weak US economic data, and hawkish comments from central banks reignited concerns about a global economic slowdown. The MSCI Europe closed at 151.25 (-1.54% DoD).
- ✓ **US Treasury yields** rose as investors assessed a recent economic data release. The US Labor Department reported that initial jobless claims for the week ended Jan.14 rose by 190k, lower than the previous 205k reported on the prior week. On average, yields were up by 2.51 bps, with the 2Y closing at 4.13% (+4.39 bps) and the 10Y at 3.39% (+2.17 bps).
- ✓ The **US Dollar** fell after a slew of economic data suggested that the US economy is losing steam. The DXY closed at 102.06 (-0.30% DoD).

