

January 23, 2023

LOCAL MARKETS

Local equities dipped ahead of GDP data. Local fixed income yields fell and the Philippine peso strengthened on expectations of a slower Fed rate hike.

Key Events

- ✓ **Bloomberg median consensus is currently forecasting Philippine gross domestic product to decelerate to 6.7% in 4Q22, from 7.6% in 3Q22.** If realized, this would bring the full-year 2022 GDP to 7.5%, the fastest economic growth recorded since the 8.8% growth posted in 1976. This would also be within the government's target of 6.5%-7.5%.
- ✓ **Jollibee Foods Corp. (PSE Ticker: JFC)** plans to open 500 stores in more North America locations in the next five to seven years. As part of this expansion, the company officially opened its first restaurant in Orlando, Florida on January 18.

Equities

- ✓ **Local equities** slightly dropped as investors moved to the sidelines ahead of the release of Philippine 4Q22 GDP data and corporate earnings. The PSEi closed at 7,056.62 (-0.08% DoD).

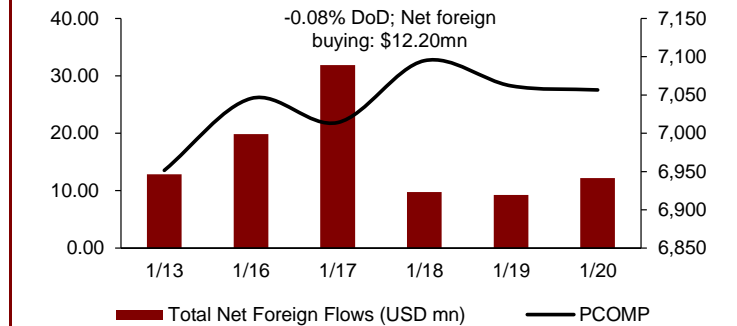
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0077	4.3120	5 years	-0.0513	5.9700
6 months	+0.0050	4.9977	7 years	-0.0334	6.0887
1 year	-0.0034	5.4531	10 years	-0.0339	6.2196
2 years	-0.1140	5.5184	20 years	-0.0282	6.5650
3 years	-0.0875	5.7557	30 years	-0.0283	6.5134
4 years	-0.0651	5.8883			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.630	54.540	EUR/USD	1.0833
				1.0856

PSEi Snapshot



Previous:	7,062.0	PSEi change:	-0.08%
High:	7,063.5	Best:	GTCAP +2.23%
Low:	7,035.7	2nd best:	URC +2.11%
Close:	7,056.6	2nd worst:	GLO -3.53%
Val. traded (mn):	4,314.4	Worst:	JGS -4.17%

Fixed Income

- ✓ **Local fixed income yields** fell amid expectations of a slower Fed rate hike. On average, yields went down by 3.93 bps, led by the belly of the curve which fell by 5.93 bps.

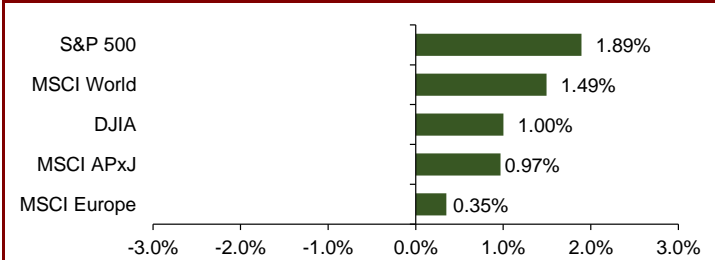
Philippine peso

- ✓ The **Philippine peso** strengthened as the US Dollar fell on expectations of a slower rate hike in the next Fed policy meeting. The USD/PHP pair closed at 54.54 (-0.16% DoD).

OVERSEAS MARKETS

US equities rose as investors digested corporate earnings releases. Asian and European equities inched up, US treasury yields rose, and the US Dollar weakened as market participants continued to weigh monetary policy expectations.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0095	4.6282	5 years	+0.0786	3.5614
6 months	+0.0034	4.8096	10 years	+0.0872	3.4787
2 years	+0.0438	4.1702	30 years	+0.0934	3.6547

- ✓ **US equities** rallied as investors continued to monitor corporate earnings results. Netflix rose on upbeat quarterly earnings, while Alphabet gained after announcing job cuts. The S&P 500 closed at 3,972.61 (+1.89% DoD) and the DJIA closed at 33,375.49 (+1.00% DoD).
- ✓ **Asian equities** rose amid positive sentiment over expectations of a less aggressive policy tightening from the US Fed. Many regional markets will be closed for the Lunar New Year Holiday. The MSCI APxJ closed at 550.16 (+0.97% DoD).
- ✓ **European equities** inched up as investors continued to focus on the monetary policy outlook of central banks. The MSCI Europe closed at 151.78 (+0.35% DoD).
- ✓ **US Treasury yields** rose as investors continued to assess the mixed economic data releases for the week and to weigh whether the Fed will continue to increase the policy rate aggressively. On average, yields were up by 4.95 bps, with the 2Y closing at 4.17% (+4.38 bps) and the 10Y at 3.48% (+8.72 bps).
- ✓ The **U.S. Dollar** weakened amid expectations of a slower Fed rate hike and fears of an economic slowdown. The DXY closed at 102.01 (-0.05% DoD).

