

January 27, 2023

## LOCAL MARKETS

Local equities fell, local fixed income yields declined, and the Philippine peso strengthened on positive 4Q22 Philippine GDP data.

### Key Events

- ✓ **The Philippine Statistics Authority reported that 4Q22 GDP grew by 7.2%, stronger than consensus expectations of 6.6%.** This brought the full year 2022 GDP to 7.6%, above the government's 6.5-7.5% target. The 4Q growth was underpinned by strong consumption amid significant improvement in alcoholic beverages, tobacco, as well as restaurant and hotel spending.
- ✓ **Monde Nissin Corp. (PSE Ticker: MONDE)** is acquiring a 15% stake in Figaro Coffee Group, Inc. (PSE Ticker: FCG) for Php820.27 million. MONDE sees the acquisition as a strong avenue for further growth both domestically and internationally. The deal valued FCG shares at Php1 each, a 12.4% premium over the previous day's closing price of Php0.89.

### Equities

- ✓ **Local equities** fell amid profit taking as investors digested the long-awaited 4Q22 GDP growth data at 7.2%, stronger than consensus estimate of 6.6%. The PSEi closed at 7,042.70 (-0.55% DoD).

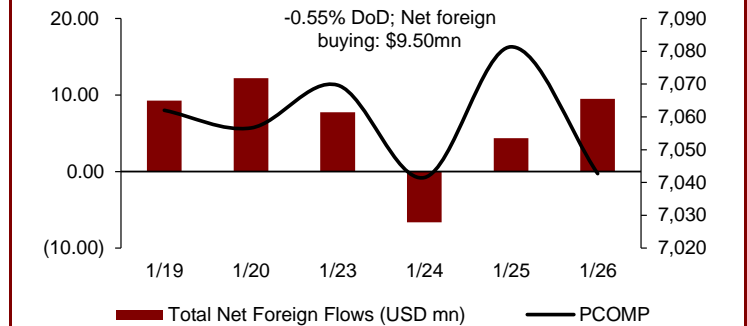
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0148	4.3774	5 years	-0.0157	5.7839
6 months	+0.0094	4.9512	7 years	-0.0234	5.9006
1 year	-0.0134	5.3910	10 years	-0.0552	6.0221
2 years	-0.0074	5.3391	20 years	-0.1185	6.3592
3 years	-0.0127	5.5497	30 years	-0.0587	6.3552
4 years	-0.0150	5.6882			

### Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.630	54.400	EUR/USD	1.0916
				1.0892

### PSEi Snapshot



<b>Previous:</b>	7,081.4	<b>PSEi change:</b>	-0.55%
<b>High:</b>	7,101.8	<b>Best:</b>	GTCAP +2.74%
<b>Low:</b>	7,042.7	<b>2nd best:</b>	MEG +1.35%
<b>Close:</b>	7,042.7	<b>2nd worst:</b>	ICT -2.59%
<b>Val. traded (mn):</b>	3,265.0	<b>Worst:</b>	TEL -2.91%

### Fixed Income

- ✓ **Local fixed income yields** continued to decline despite the positive Philippine GDP data as investors continued to buy ahead of the policy meetings of the US Federal Reserve and the Bangko Sentral ng Pilipinas. On average, yields went down by 2.69 bps, led by the long-end of the curve which fell by 7.75 bps.

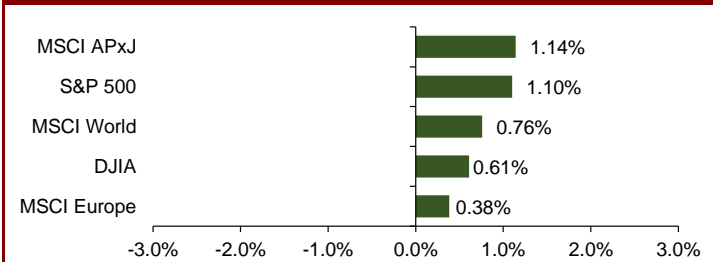
### Philippine peso

- ✓ **The Philippine peso** strengthened on stronger-than-expected full year 2022 Philippine GDP growth data which settled at 7.6%, above government's target of 6.5%-7.5% and consensus median of 7.5%. The USD/PHP pair closed at 54.40 (-0.42% DoD).

## OVERSEAS MARKETS

Global equities rose, the US Treasury yields went up, and the US Dollar strengthened as investors digested the fresh batch of economic data releases and corporate earnings.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0006	4.6637	5 years	+0.0476	3.5929
6 months	+0.0100	4.8168	10 years	+0.0531	3.4947
2 years	+0.0576	4.1826	30 years	+0.0460	3.6397

- ✓ **US equities** rallied on better-than-expected fourth quarter US GDP and a mixed bag of corporate earnings results. Despite looming recession fears, US GDP rose 2.9% in 4Q22, beating consensus expectations of 2.6% but slower than the 3.2% pace in the previous quarter. The S&P 500 closed at 4,060.43 (+1.10% DoD) and the DJIA closed at 33,949.41 (+0.61% DoD).
- ✓ **Asian equities** rose as investors digested a slew of economic data. Most markets played catch up after the holidays with Hong Kong tech, property, and automotive stocks leading gains. The MSCI APxJ closed at 559.01 (+1.14% DoD).
- ✓ **European equities** gained as investors digested a batch of positive corporate earnings, suggesting that profits and margins in some sectors can remain resilient despite the economic slowdown. The MSCI Europe closed at 152.35 (+0.38% DoD).
- ✓ **US Treasury yields** rose following the stronger-than-expected US GDP data. On average, yields were up by 3.56 bps, with the 2Y closing at 4.18% (+5.76 bps) and the 10Y closing at 3.49% (+5.31 bps).
- ✓ **The US Dollar** strengthened after data showed that the US economy maintained a strong pace of growth in the fourth quarter, supporting the case for the US Federal Reserve to keep its hawkish stance for a longer period of time. The DXY closed at 101.84 (+0.19% DoD).