

March 3, 2023

## LOCAL MARKETS

Local equities rose on bargain hunting. Local fixed income yields went up and the Philippine peso weakened following hawkish remarks from Fed officials.

### Key Events

- ✓ **The Philippine Statistics Authority (PSA) reported that the preliminary manufacturing Producer Price Index (PPI) grew 4.2% YoY in January, slower than the 5.1% reported in December 2022.** The deceleration in YoY expansion was on the back of the decline in transport equipment industry and slower growth from food products division.
- ✓ **Metro Pacific Investments Corp's (PSE Ticker: MPI) toll unit signed a deal with a China-based company to start constructing the second phase of the Manila-Cavite Expressway (CAVITEX) C5 Link Segment 2.** CAVITEX C5 Link Segment 2 is targeted to be opened to the public before the year ends and is expected to serve 40,000 vehicles daily.

### Equities

- ✓ **Local equities marginally rose on bargain hunting as investors continued to digest strong local corporate earnings.** The PSEi closed at 6,622.45 (+0.23% DoD).

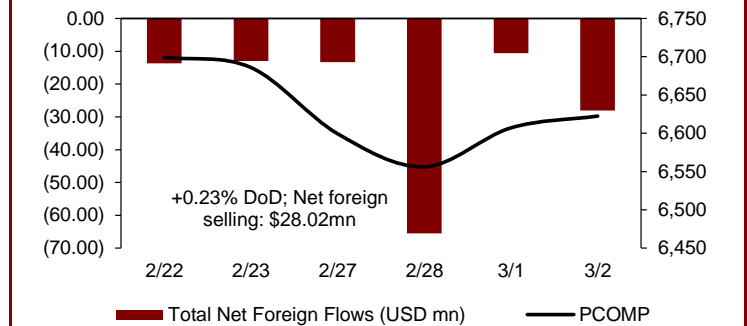
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.1297	4.5458	5 years	+0.0421	6.0521
6 months	-0.0700	5.1047	7 years	+0.0595	6.2492
1 year	-0.0469	5.5558	10 years	+0.0730	6.3934
2 years	+0.0102	5.6498	20 years	+0.0914	6.6908
3 years	+0.0111	5.7758	30 years	+0.1001	6.6998
4 years	+0.0260	5.9135			

### Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.980	55.010	EUR/USD	1.0668
				1.0597

### PSEi Snapshot



<b>Previous:</b>	6,607.1	<b>PSEi change:</b>	0.23%
<b>High:</b>	6,690.6	<b>Best:</b>	SMC +3.17%
<b>Low:</b>	6,598.2	<b>2nd best:</b>	MONDE +3.15%
<b>Close:</b>	6,622.5	<b>2nd worst:</b>	AC -3.49%
<b>Val. traded (mn):</b>	4,981.2	<b>Worst:</b>	MBT -4.16%

### Fixed Income

- ✓ **Local fixed income yields continued to rise on hawkish remarks from Fed officials.** On average, yields went up by 1.52 bps, led by the long-end which increased by 8.82 bps.

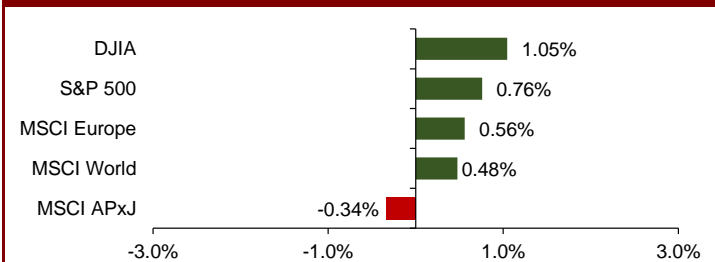
### Philippine peso

- ✓ **The Philippine peso weakened as investors weighed rate hike signals from Fed officials.** Minneapolis Fed President Kashkari expressed support for either a 25-bp or 50-bp rate hike, citing the need for a better balance between jobs demand and supply and a broad-based inflation slowdown. The USD/PHP pair closed at 55.01 (+0.05% DoD).

## OVERSEAS MARKETS

Global equities were mixed, US Treasury yields rose, and the US Dollar strengthened as investors digested the comments from Fed officials and assessed the US labor data. In the Eurozone, sentiments were boosted by consumer staples and energy stocks.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0058	4.8427	5 years	+0.0566	4.3125
6 months	+0.0020	5.1262	10 years	+0.0631	4.0556
2 years	+0.0086	4.8850	30 years	+0.0393	3.9935

- ✓ **US equities rose as investors digested Atlanta Fed President Raphael Bostic's comment supporting "slow and steady" quarter-point US rate increases amid strong US labor market data.** The latest weekly jobless claims data declined from 192,000 to 190,000 WoW, below consensus expectations of 195,000. The S&P 500 closed at 3,981.35 (+0.76% DoD) and the DJIA closed at 33,003.57 (+1.05% DoD).
- ✓ **Asian equities fell amid rate hike fears following further rate hike signals from Fed officials.** Meanwhile, Hong Kong shares slipped on Sino-US geopolitical tensions and China equities pulled back ahead of the annual meeting of the National Party Congress. The MSCI APxJ closed at 519.37 (-0.34% DoD).
- ✓ **European equities rose boosted by consumer staples and energy stocks, but data suggesting eurozone inflation remained stubbornly high fueled fears of further European Central Bank rate hikes.** Eurozone's flash inflation rose 8.5% in February, slightly lower than the 8.6% recorded in January but ahead of the consensus expectation at 8.2%. The MSCI Europe closed at 154.28 (+0.56% DoD).
- ✓ **US Treasury yields continued to rise amid increasing rate hike bets from the Fed.** This was also following the release of the labor data which reported that unit labor cost rose 3.2% in 4Q of 2022 from 1.1% reported in the 3Q of 2022. On average, yields went up by 2.73 bps, with the 2Y closing at 4.89% (+0.86 bps) and the 10Y closing at 4.06% (+6.31 bps).
- ✓ **The US Dollar strengthened as investors digested strong economic data and signals of potential further rate hikes from the Fed.** The DXY closed at 105.03 (+0.52% DoD).

