

March 7, 2023

LOCAL MARKETS

Local equities gained, local fixed income yields rose, and the Philippine peso weakened ahead of the Philippine inflation data for February.

Key Events

- ✓ **The Bangko Sentral ng Pilipinas (BSP)** raised the annual maximum contributions to the Personal Equity and Retirement Account (PERA) to encourage more Filipinos to prepare for retirement and ensure their financial security. The allowable annual contributions have been doubled to Php200,000 for locally employed and self-employed individuals, and Php400,000 for Overseas Filipino Workers (OFWs).
- ✓ **Aboitiz Power Corp. (PSE Ticker: AP)** recorded a 27.4% increase in core net income to Php26.5 billion in 2022 from Php20.8 billion in 2021 driven by contributions from its coal-fired plants. Capacity sold in 2022 grew by 7.5% to 4,034 megawatts, while energy sales increased by 16.2% to 30,251 gigawatt-hours.

Equities

- ✓ **Local equities** slightly rose ahead of the release of the February local inflation print which may have a large influence on the Bangko Sentral ng Pilipinas' (BSP) stance on monetary policy. The PSEI closed at 6,671.12 (+0.24% DoD).

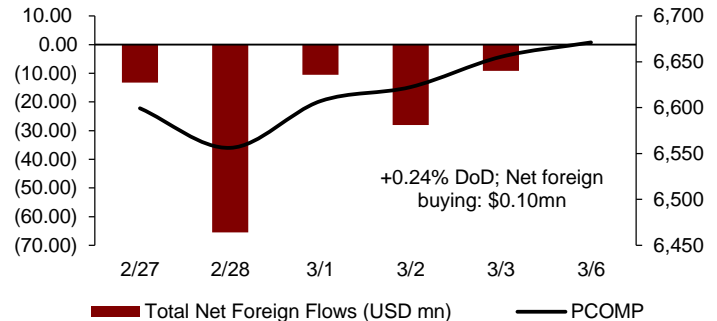
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0120	4.6050	5 years	+0.0277	6.1124
6 months	+0.1008	5.2772	7 years	+0.0041	6.2856
1 year	+0.0479	5.6568	10 years	+0.0131	6.4627
2 years	+0.0614	5.7287	20 years	+0.0054	6.7493
3 years	+0.0553	5.8578	30 years	+0.0035	6.7613
4 years	+0.0446	5.9900			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.820	54.880	EUR/USD	1.0635
				1.0681

PSEI Snapshot



Previous:	6,655.4	PSEI change:	0.24%
High:	6,737.0	Best:	ICT +3.50%
Low:	6,671.1	2nd best:	JGS +2.83%
Close:	6,671.1	2nd worst:	WLCON -1.90%
Val. traded (mn):	3,400.5	Worst:	BPI -1.95%

Fixed Income

- ✓ **Local fixed income yields** continued to rise ahead of the February inflation print. Bloomberg median consensus estimates inflation to hit 8.9%, consistent with the BSP's median forecast. Yields also climbed following the T-bill auction of the Bureau of the Treasury where yields rose from the previous week. On average, yields went up by 3.20 bps, led by the short-end which increased by 4.95 bps.

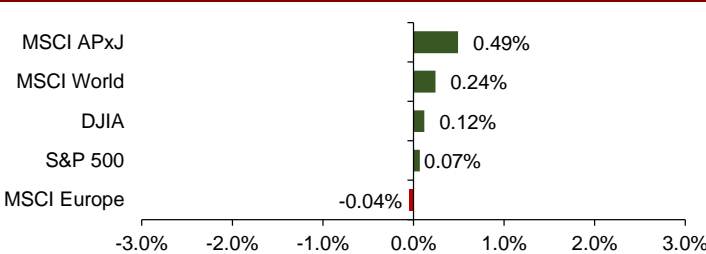
Philippine peso

- ✓ The **Philippine peso** weakened as investors grew cautious amid expectations that inflation may have reached a fresh all-time high in February. The USD/PHP pair closed at 54.88 (+0.11% DoD).

OVERSEAS MARKETS

US equities inched up, US Treasury yields rose, and the US Dollar weakened ahead of the US Fed Chair Jerome Powell's testimony before the Congress and the release of the US jobs data. Asian equities rose and European equities fell as investors weighed the release of China's growth target.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0033	4.8375	5 years	+0.0071	4.2528
6 months	+0.0206	5.1313	10 years	+0.0060	3.9577
2 years	+0.0296	4.8861	30 years	+0.0175	3.8932

- ✓ **US equities** marginally rose ahead of the release of US jobs data. Investors also awaited US Federal Reserve Chair Jerome Powell's congressional testimony that may guide investors and lawmakers on the monetary policy. The S&P 500 closed at 4,048.42 (+0.07% DoD) and the DJIA closed at 33,431.44 (+0.12% DoD).
- ✓ **Asian equities** slightly gained as investors continued to digest China's modest GDP growth target of around 5%. Some market participants remained hopeful amid China's recent run of upbeat economic data. The MSCI APxJ closed at 526.02 (+0.49% DoD).
- ✓ **European equities** closed flat as mining stocks fell after China announced its growth target. China announced a growth target of 5.0% for 2023, lower than the 5.5% target in 2022. The MSCI Europe closed at 155.62 (-0.04% DoD).
- ✓ **US Treasury yields** rose as investors looked ahead of the testimony from Fed Chairman Jerome Powell before the Congress. Investors are also closely watching the release of the labor market data which is due on Wednesday. On average, yields went up by 1.29 bps, with the 2Y closing at 4.89% (+2.96 bps) and the 10Y closing at 3.96% (+0.60 bps).
- ✓ The **US Dollar** weakened as investors awaited Fed Chair Powell's testimony before the Congress and looked ahead of the February employment data which will likely affect the central bank's monetary policy. The DXY closed at 104.35 (-0.16% DoD).

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