

March 10, 2023

LOCAL MARKETS

Local equities fell on rising unemployment data. Local fixed income yields rose and the Philippine peso strengthened on rate hike bets.

Key Events

- ✓ The **Philippine Statistics Authority (PSA)** reported that Philippines' unemployment rate rose to a four-month high of 4.8% in January, equivalent to 2.37 million jobless Filipinos. This was higher than the 4.3% recorded in the previous month, and the highest jobless rate since the 5% posted in September. The decline was largely due to the loss of temporary jobs that opened during the holiday season.
- ✓ **ACEN Corp. (PSE Ticker: ACEN)** reported a net profit of Php13.06 billion in 2022, more than double the previous year's profit of Php5.25 billion, with the company's overseas operations compensating for the decline in its domestic operations. Revenues grew by 35.2% to Php35 billion mainly due to contributions of new merchant plants in the Philippines, with its total output increasing by 7% to 5,000 gigawatt-hours.

Equities

- ✓ **Local equities** fell as investor sentiment was dampened by the rise in the January local unemployment rate. Investors also digested local banks' non-performing loans (NPL) ratio which increased to 3.28%, snapping 10 months of consecutive declines, amid lingering inflation and rate hike concerns. The PSEi closed at 6,609.27 (-1.52% DoD).

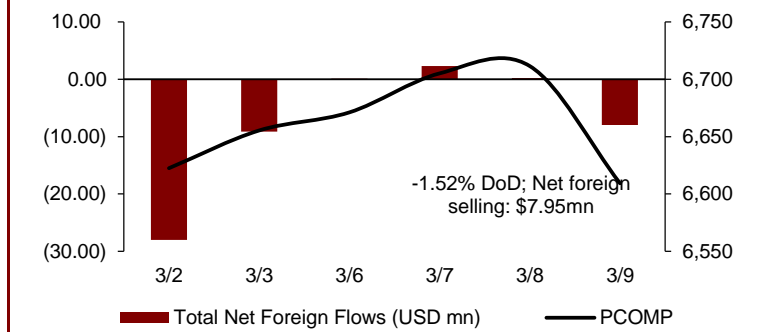
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0324	4.7106	5 years	+0.0157	6.1237
6 months	+0.0600	5.3569	7 years	-0.0015	6.2521
1 year	-0.0125	5.7243	10 years	+0.0171	6.4118
2 years	+0.0550	5.8756	20 years	+0.0041	6.6130
3 years	+0.0491	5.9602	30 years	+0.0058	6.6051
4 years	+0.0342	6.0454			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.320	55.240	EUR/USD	1.0545
				1.0581

PSEi Snapshot



Previous:	6,711.5	PSEi change:	-1.52%
High:	6,711.1	Best:	SMC +0.93%
Low:	6,609.3	2nd best:	LTG +0.78%
Close:	6,609.3	2nd worst:	ALI -4.09%
Val. traded (mn):	3,756.2	Worst:	SCC -4.68%

Fixed Income

- ✓ **Local fixed income yields** continued to climb on rate hike bets from both the Fed and BSP. On average, yields went up by 2.36 bps, led by the short-end which rose by 3.37 bps.

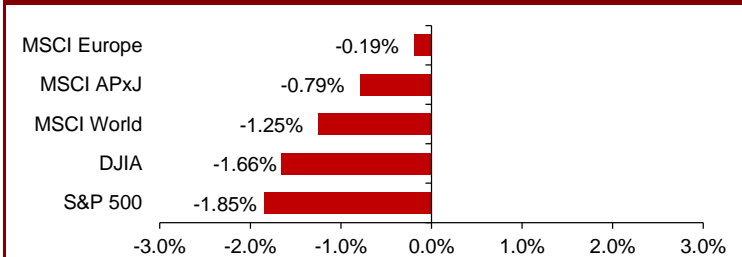
Philippine peso

- ✓ The **Philippine peso** strengthened against the US dollar which broadly weakened despite hot jobs data and expectations of larger rate hikes in March. Rate hike bets also buoyed the local currency. The USD/PHP pair closed at 55.24 (-0.14% DoD).

OVERSEAS MARKETS

Global equities were down, US Treasury yields fell, and the US Dollar weakened as investors focused on the possible rate hike from the Fed and digested the US employment claims. Investors also anticipated the upcoming release of the US nonfarm payroll.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0267	4.9491	5 years	-0.1576	4.1913
6 months	-0.0461	5.2055	10 years	-0.0881	3.9032
2 years	-0.2001	4.8700	30 years	-0.0448	3.8493

- ✓ **US equities** fell on broad sell-off of bank and financial stocks following US Federal Reserve Chair Jerome Powell's hawkish remarks. Investors also braced for the upcoming jobs data due Friday that could shape the US Federal Reserve's direction of interest rates. The S&P 500 closed at 3,918.32 (-1.85% DoD) and the DJIA closed at 32,254.86 (-1.66% DoD).
- ✓ **Asian equities** fell on rate hike fears and worries of slowing demand in China following its soft February inflation data. China's consumer price index fell below expectations at +1.00% YoY, from 2.1% YoY reported in January. The MSCI APxJ closed at 512.03 (-0.79% DoD).
- ✓ **European equities** fell as investors processed hawkish remarks from US Federal Reserve Chairman Jerome Powell. The MSCI Europe closed at 154.28 (-0.19% DoD).
- ✓ **US Treasury yields** fell as investors gauge the possible pace of the rate hike by the Fed as they weigh the hawkish remarks from Chairman Powell and the recent release of the labor data. On average, yields went down by 9.39 bps, with the 2Y closing at 4.87% (-20.01 bps) and the 10Y closing at 3.90% (-8.81 bps).
- ✓ The **US Dollar** weakened as US unemployment claims climbed more than expected last week. The US Jobless claims increased from 21,000 to 211,000 for the week ending March 4, exceeding the 195,000 projected for the week. The DXY closed at 105.31 (-0.19% DoD).