

March 13, 2023

LOCAL MARKETS

Local equities fell on lackluster corporate earnings. Local fixed income yields fell on Silicon Valley Bank woes. The Philippine peso marginally strengthened on declining global crude oil prices.

Key Events

- ✓ **The Bureau of the Treasury (BTr) reported that gross borrowings by the Philippine national government declined by 16% YoY to Php2.16 trillion in 2022.** This was lower than the Php2.58 trillion recorded in FY21 and the Php2.2 trillion target for FY22. The decline was on the back of slower domestic and foreign borrowings.
- ✓ **Metro Pacific Investments Inc. (PSE Ticker: MPI) is planning to list some of its subsidiaries once their projects are completed and to invest significantly in agribusiness over the next five years.** The subsidiaries that the company plans to list include Maynilad as part of its franchise, toll highways, and hospital businesses.

Equities

- ✓ **Local equities** fell as investors digested a slew of local and global economic data and a fresh batch lackluster quarterly corporate earnings that fueled slowdown fears. The PSEi closed at 6,589.88 (-0.29% DoD).

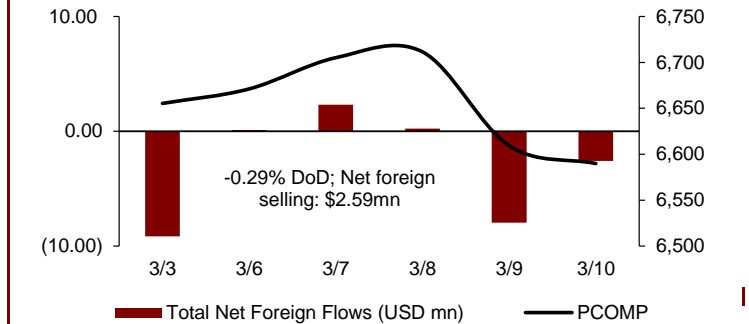
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0006	4.7112	5 years	-0.0145	6.1092
6 months	-0.0274	5.3295	7 years	-0.0402	6.2119
1 year	-0.0080	5.7163	10 years	-0.0743	6.3375
2 years	+0.0134	5.8890	20 years	-0.0240	6.5890
3 years	+0.0163	5.9765	30 years	-0.0237	6.5814
4 years	+0.0036	6.0490			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.240	55.170	EUR/USD	1.0581	1.0643

PSEi Snapshot



Previous:	6,609.3	PSEi change:	-0.29%
High:	6,596.2	Best:	TEL +2.81%
Low:	6,518.4	2nd best:	SCC +2.81%
Close:	6,589.9	2nd worst:	BDO -3.20%
Val. traded (mn):	6,805.8	Worst:	GTCAP -3.67%

Fixed Income

- ✓ **Local fixed income yields** fell as Silicon Valley Bank announced it will sell \$21 billion worth of securities, borrow \$15 billion, and sell \$2.25 billion treasury stock. Post-trading hours, it was announced that the bank was seized by California regulators and was placed under the control of the Federal Deposit Insurance Corporation. On average, yields went down by 1.62 bps, led by the long-end which fell by 4.07 bps.

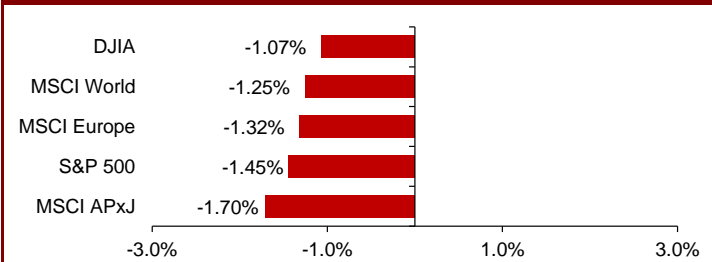
Philippine peso

- ✓ **The Philippine peso** marginally strengthened after global crude oil prices declined. However, hawkish cues from the US Federal Reserve tempered gains. The USD/PHP pair closed at 55.17 (-0.13% DoD).

OVERSEAS MARKETS

Global equities declined, US Treasury yields fell, and the US Dollar weakened as investors digested the latest economic data releases and fears of a financial contagion following the Silicon Valley Bank's shutdown.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0798	4.8693	5 years	-0.2266	3.9647
6 months	-0.1593	5.0462	10 years	-0.2045	3.6987
2 years	-0.2838	4.5862	30 years	-0.1428	3.7065

- ✓ **US equities tumbled on sell-off of bank stocks after news of Silicon Valley Bank shutting down** spooked investors on the outlook of the financial sector. Investors also digested higher-than-expected February jobs data which may keep the Fed in keeping rates higher for longer. The S&P 500 closed at 3,861.59 (-1.45% DoD) and the DJIA closed at 31,909.64 (-1.07% DoD).
- ✓ **Asian equities** fell as investors stayed on the sidelines ahead of the US jobs data which is expected to determine the Fed's next policy move. Meanwhile, China and Hong Kong equities slipped after China's Xi Jinping formalized his third term as president. The MSCI APxJ closed at 503.31 (-1.70% DoD).
- ✓ **European equities** fell, led by banking shares, amid concerns over the stability of the US financial sector following signs of distress at the Silicon Valley-based lender SVB Financial Group. The MSCI Europe closed at 152.25 (-1.32% DoD).
- ✓ **US Treasury yields** continued to decline as investors weighed lingering concerns on the banking sector following the shutdown of Silicon Valley Bank. On average, yields went down by 18.28 bps, with the 2Y closing at 4.59% (-28.38 bps) and the 10Y closing at 3.70% (-20.45 bps).
- ✓ **The US Dollar** weakened after US labor data for February showed slower wage growth, implying that lessening inflation pressures may keep the Federal Reserve's rate hike pace modest. Average hourly earnings for all private workers rose 0.22% in February compared to 0.30% in January, up by 4.6% year-on-year. The DXY closed at 104.58 (-0.70% DoD).