

March 15, 2023

LOCAL MARKETS

Local equities fell and local fixed income yields declined on contagion fears from the Silicon Valley collapse. The Philippine peso weakened amid the wider trade deficit data in January.

Key Events

- ✓ The **Philippine Statistics Authority (PSA)** reported that the country's trade deficit widened to a five-month high of \$5.74 billion in January. This was the largest trade deficit recorded since the \$6.02 billion deficit posted in August 2022. The widening of the trade gap during the month was attributed to the sharp decline in exports and the increase in imports following two straight months of decline.
- ✓ **Megaworld Corp. (PSE Ticker: MEG)** announced that it will allot Php55 billion in capital expenditures for FY2023, nearly 20% higher compared to the previous year. The company is targeting to reach around Php130 billion in reservation sales for residential projects and to increase project launches to Php60 billion in 2023.

Equities

- ✓ **Local equities** declined sharply on growing contagion fears following the fallout of two major US banks, namely the Silicon Valley Bank and Signature Bank. The PSEi closed at 6,393.33 (-2.31% DoD).

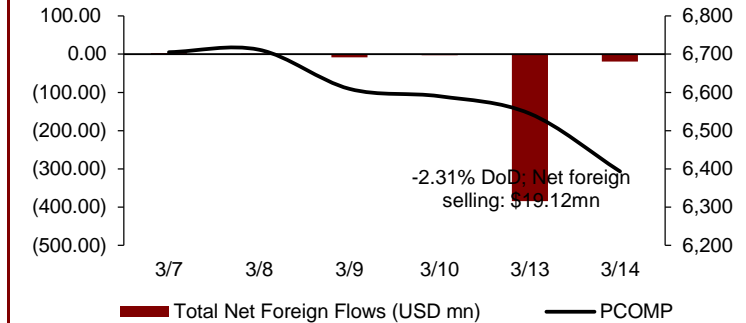
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0343	4.8051	5 years	-0.0228	5.9561
6 months	-0.0785	5.4117	7 years	-0.0375	6.0399
1 year	+0.0037	5.7892	10 years	-0.0203	6.1665
2 years	-0.0100	5.8342	20 years	-0.0577	6.4304
3 years	-0.0087	5.8832	30 years	-0.0409	6.4285
4 years	-0.0131	5.9214			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.930	55.080	EUR/USD	1.0731
				1.0733

PSEi Snapshot



Previous:	6,544.5	PSEi change:	-2.31%
High:	6,525.8	Best:	EMI +1.69%
Low:	6,393.3	2nd best:	PGOLD +1.16%
Close:	6,393.3	2nd worst:	AP -4.76%
Val. traded (mn):	5,001.7	Worst:	AEV -4.76%

Fixed Income

- ✓ **Local fixed income yields** continued to decline following the collapse of Silicon Valley Bank and Signature Bank. On average, yields went down by 2.91 bps, led by the long-end which fell by 3.96 bps.

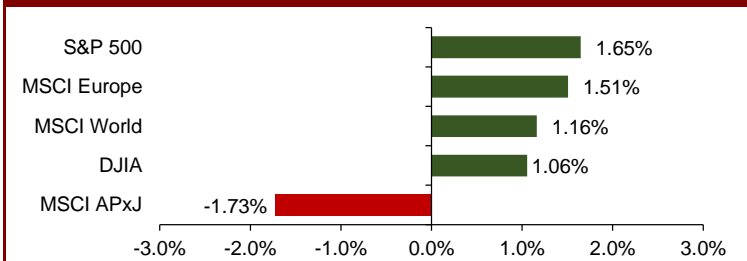
Philippine peso

- ✓ The **Philippine peso** weakened after data showed that the Philippine trade deficit widened to a five-month high in January. The country's preliminary trade deficit came in at \$5.74 billion, with the value of merchandise exports dropping by 13.5% YoY to \$5.23 billion and imports rising by 3.9% YoY to \$10.97 billion. The USD/PHP pair closed at 55.08 (+0.27% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields went up, and the US Dollar was flat as investors weighed the latest US inflation print and the developments on the Silicon Valley Bank's fallout.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0093	4.7557	5 years	+0.1539	3.8530
6 months	+0.2606	4.8733	10 years	+0.1160	3.6892
2 years	+0.2740	4.2504	30 years	-	-

- ✓ **US equities** rose on bargain hunting as investors' confidence on the banking sector improved following the US government's plans to probe the collapse of two major US banks. Investors also digested the latest US inflation print which eased to 6% in February from 6.4% in January, in line with consensus estimate. The S&P 500 closed at 3,919.29 (+1.65% DoD) and the DJIA closed at 32,155.40 (+1.06% DoD).
- ✓ **Asian equities** fell as investors remained cautious over the potential spillover effects from the fallout of Silicon Valley Bank. Investors also looked ahead to the US inflation data which was released after trading hours. The MSCI APxJ closed at 500.11 (-1.73% DoD).
- ✓ **European equities** rose as investors weighed developments on Silicon Valley Bank's fallout and the US inflation data which eased in February. The MSCI Europe closed at 150.90 (+1.65% DoD).
- ✓ **US Treasury yields** rebounded after three days of consecutive declines amid the Silicon Valley Bank's collapse as investors digested the US inflation data which came out well within market expectations. On average, yields went up by 13.25 bps, with the 2Y closing at 4.25% (+27.40 bps) and the 10Y closing at 3.69% (+11.6 bps).
- ✓ The **US Dollar** was flat as investors weighed the latest US inflation data release and contagion fears in the banking sector. The DXY closed at 103.60 (+0.00% DoD).

