

March 21, 2023

LOCAL MARKETS

Local equities fell, local fixed income yields rose, and the Philippine peso strengthened amid lingering banking sector woes.

Key Events

- ✓ The **Bangko Sentral ng Pilipinas** said the Philippine Banking system is prepared to withstand possible shocks following the recent failures of Silicon Valley Bank and Signature Bank. The central bank cited that most Philippine banks have loans that are less susceptible to changes in fair market value. Moreover, the banks' lending base is diversified across counterparties and industry types and loan quality is manageable.
- ✓ **Manila Electric Co. (PSE Ticker: MER)** is finalizing power supply agreements (PSA) to partially replace the 670MW of lost capacity under the terminated contract with San Miguel Corp.'s (PSE Ticker: SMC) SMC Global Power Holdings Corp. The company also stated it is confident it will get a supplier after SMC terminated two more PSAs but elaborated that no confirmation can be provided on whether a re-bid would result in higher prices.

Equities

- ✓ **Local equities** fell as concerns in the global banking sector lingered even after UBS Group's rescue acquisition of Credit Suisse. Mid-sized banks in the US had also asked regulators to insure all deposits to avoid a widespread collapse. The PSEi closed at 6,451.02 (-0.29% DoD).

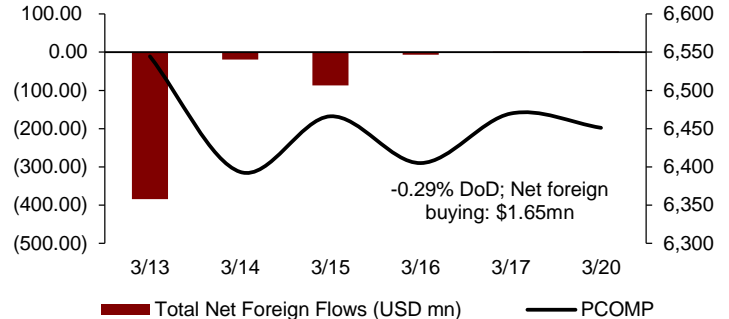
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0615	4.9236	5 years	+0.0025	5.9916
6 months	+0.1257	5.5713	7 years	+0.0001	6.0860
1 year	+0.0065	5.8073	10 years	-0.0451	6.1823
2 years	-0.0072	5.8780	20 years	-0.0055	6.5510
3 years	-0.0079	5.9078	30 years	-0.0101	6.5574
4 years	-0.0035	5.9462			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.710	54.675	EUR/USD	1.0670
				1.0721

PSEi Snapshot



Previous:	6,469.7	PSEi change:	-0.29%
High:	6,452.0	Best:	AEV +5.68%
Low:	6,389.5	2nd best:	ALI +3.05%
Close:	6,451.0	2nd worst:	CNVRG -3.14%
Val. traded (mn):	3,305.3	Worst:	BDO -4.78%

Fixed Income

- ✓ **Local fixed income yields** rose ahead of the BSP monetary policy meeting and lingering fears surrounding the global banking sector. On average, yields rose by 1.06 bps, led by the short-end which rose by 4.66 bps.

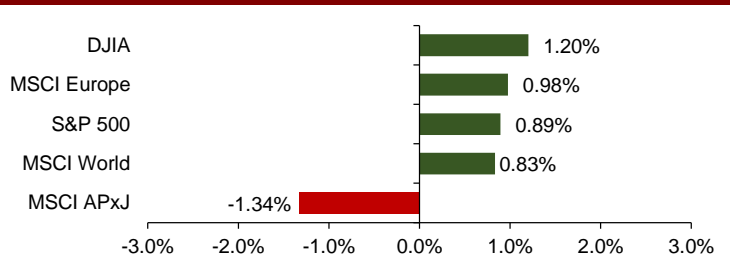
Philippine peso

- ✓ The **Philippine peso** marginally strengthened following the drop in oil prices to a 15-month low amid lingering concerns over the global economy. Recent developments in the banking sector continued to weigh down on investors' confidence. The USD/PHP pair closed at 54.68 (-0.06% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields rose, and the US Dollar weakened following the news of UBS acquiring Credit Suisse and ahead of the US Fed's monetary policy meeting.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.1936	4.5292	5 years	+0.0890	3.5892
6 months	+0.1536	4.7556	10 years	+0.0561	3.4847
2 years	+0.1389	3.9763	30 years	-	-

- ✓ **US equities** rose following news that UBS will take over Credit Suisse which was brokered by the Swiss Government. Investors also looked ahead of the upcoming monetary policy meeting of the Fed. The S&P 500 closed at 3,951.57 (+0.89% DoD) and the DJIA closed at 32,244.58 (+1.20% DoD).
- ✓ **Asian equities** slid amid lingering concerns over the global banking sector following UBS's \$3.25 billion takeover of Credit Suisse. China equities were mixed after its loan prime rates were left unchanged, while Hong Kong stocks fell led by the healthcare sector. The MSCI APxJ closed at 499.41 (-1.34% DoD).
- ✓ **European equities** rose as the \$3.25 billion rescue of Credit Suisse by rival UBS allayed fears of a banking sector meltdown. The MSCI Europe closed at 147.98 (+0.98% DoD).
- ✓ **US Treasury yields** went up as the market digested the UBS' takeover of Credit Suisse. Investors were also cautious ahead of the monetary policy meeting that will conclude this week. On average, yields went down by 10.52 bps, with the 2Y closing at 3.98% (+13.89 bps) and the 10Y closing at 3.48% (+5.61 bps).
- ✓ The **US Dollar** weakened as investors digested UBS' takeover of its embattled rival Credit Suisse. The DXY closed at 103.28 (-0.41% DoD)

www.bpiassetmanagement.com

