

March 23, 2023

LOCAL MARKETS

Local equities slightly gained, local fixed income yields rose, and the Philippine peso weakened ahead of the Fed's policy decision.

Key Events

- ✓ The **National Economic and Development Authority (NEDA)** Secretary Arsenio Balisacan said high inflation may drag economic growth in 2023 and 2024. He noted that growth will be driven by strong demand for consumption and investment but outlook may be dampened by domestic risks to inflation and high interest rates. He highlighted that inflation is the most crucial issue the National Government needs to urgently address.
- ✓ **Monde Nissin Corp. (PSE Ticker: MONDE)** has reallocated some of the proceeds of its initial public offering (IPO) to some of its capital expenditures in 2023. The Php1.1-million capex initially allocated for the meat alternative business will be shifted to the Asia-Pacific branded food and beverage business.

Equities

- ✓ **Local equities** marginally rose as investors waited for the US Fed and the BSP's monetary policy decisions and economic projections. Improved market sentiment in the US also lifted the local index. The PSEi closed at 6,546.27 (+0.24% DoD).

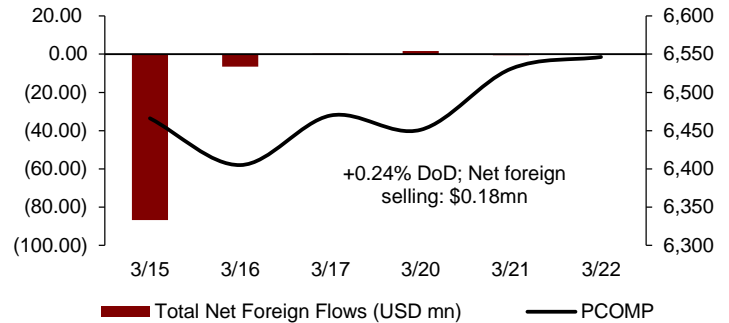
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0071	4.8986	5 years	+0.0001	6.0047
6 months	+0.0533	5.6084	7 years	-0.0001	6.1220
1 year	+0.0853	5.9018	10 years	+0.0114	6.2163
2 years	+0.0225	5.8911	20 years	-0.0113	6.6196
3 years	+0.0123	5.9086	30 years	-0.0212	6.6360
4 years	+0.0042	5.9481			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.440	54.500	EUR/USD	1.0768
				1.0856

PSEi Snapshot



Previous:	6,530.8	PSEi change:	0.24%
High:	6,593.2	Best:	TEL +4.46%
Low:	6,540.5	2nd best:	WLCON +3.66%
Close:	6,546.3	2nd worst:	MPI -2.45%
Val. traded (mn):	3,121.6	Worst:	AEV -3.02%

Fixed Income

- ✓ **Local fixed income yields** continued to rise ahead of the FOMC meeting and the BSP Monetary Board meeting. After trading hours, the FOMC raised its key policy rate by 25 bps, within consensus expectations. On average, yields rose by 1.49 bps, led by the short-end which went up by 4.20 bps.

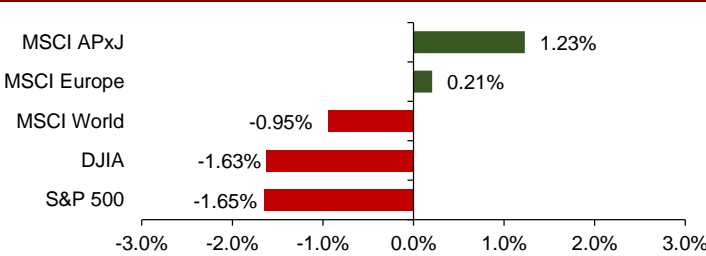
Philippine peso

- ✓ The **Philippine peso** weakened ahead of the conclusion of the FOMC meeting. The USD/PHP pair closed at 54.50 (+0.11% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields fell, and the US Dollar weakened as investors focused on the widely expected 25-bps rate hike from the Fed.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0435	4.6591	5 years	-0.2366	3.5114
6 months	-0.0666	4.8067	10 years	-0.1753	3.4341
2 years	-0.2297	3.9367	30 years	-0.0805	3.6516

- ✓ **US equities** fell following the decision of the Federal Reserve to raise the interest rate by 25 bps. The S&P 500 closed at 3,936.97 (-1.65% DoD) and the DJIA closed at 32,030.11 (-1.63% DoD).
- ✓ **Asian equities** extended its rally as sentiment improved across the region after pledges of government support to the banking sector lifted investors' confidence. However, gains were capped as investors remained cautious ahead of the conclusion of the FOMC meeting. The MSCI APxJ closed at 509.69 (+1.23% DoD).
- ✓ **European equities** slightly rose ahead of the Bank of England's monetary policy meeting. Investors also focused on the conclusion of the FOMC monetary policy meeting and digested the higher-than-expected UK inflation. The MSCI Europe closed at 150.22 (+0.21% DoD).
- ✓ **US Treasury yields** fell as investors digested the Fed's policy guidance and decision to increase its policy rate by 25-bps. On average, yields went down by 12.42 bps, with the 2Y closing at 3.94% (-22.97 bps) and the 10Y closing at 3.43% (-17.53 bps).
- ✓ The **US Dollar** weakened following the relatively dovish hike from the Federal Reserve. The DXY closed at 102.35 (-0.88% DoD).

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