

March 27, 2023

LOCAL MARKETS

Local equities gained after the BSP cut its inflation forecasts. Local fixed income yields fell on bargain hunting. The Philippine peso weakened as investors continued to weigh the US Fed's latest policy move.

Key Events

- ✓ **Finance Secretary Benjamin E. Diokno** said the Bangko Sentral ng Pilipinas (BSP) may likely pause its tightening cycle. He believes that the recent rate hikes have not been fully absorbed by the economy and that monetary policy has lagged effects. The BSP's next Monetary Board meeting will occur on May 18.
- ✓ **GT Capital Holdings Inc. (PSE Ticker: GTCAP)** reported a 67% increase in consolidated net income to Php18.4 billion in 2022 as its businesses recovered alongside the economy. Core net income rose by 45% to Php15.9 billion, owing to net income contributions from banking, automotive, and other segments.

Equities

- ✓ **Local equities** gained amid optimism after the Bangko Sentral ng Pilipinas (BSP) lowered its 2023 and 2024 inflation forecasts to 6.0% and 2.9%, respectively. The PSEi closed at 6,602.17 (+1.01% DoD).

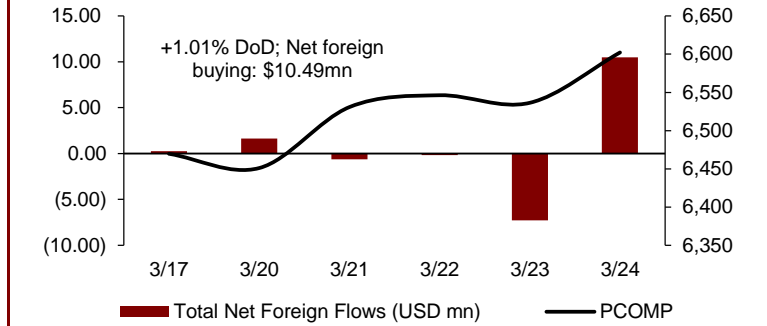
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0179	4.9666	5 years	+0.0007	6.0174
6 months	-0.0345	5.5587	7 years	+0.0030	6.1251
1 year	+0.0176	5.9397	10 years	-0.0087	6.1878
2 years	-0.0125	5.8625	20 years	+0.0077	6.6161
3 years	-0.0092	5.8945	30 years	+0.0064	6.6309
4 years	-0.0039	5.9505			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.270	54.350	EUR/USD	1.0831
				1.0760

PSEi Snapshot



Previous:	6,536.4	PSEi change:	1.01%
High:	6,602.8	Best:	ICT +6.07%
Low:	6,523.7	2nd best:	AC +5.05%
Close:	6,602.2	2nd worst:	MER -2.28%
Val. traded (mn):	3,331.4	Worst:	BPI -3.79%

Fixed Income

- ✓ **Local fixed income yields** marginally fell on bargain hunting following 5 straight sessions of rising yields. Investors also digested the slower inflation forecasts from the BSP. On average, yields fell by 0.14 bps, led by the short end of the curve which went down by 0.29 bps.

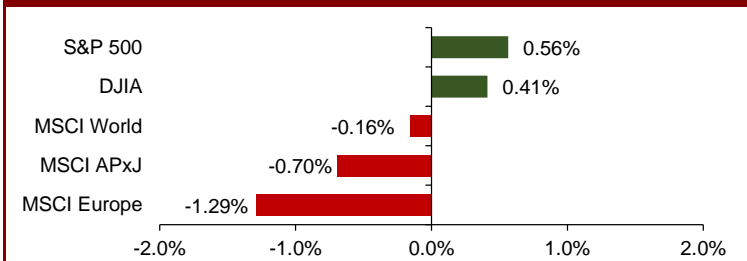
Philippine peso

- ✓ The **Philippine peso** weakened as investors digested the US Fed's latest policy move and following the gains in Wall Street. The USD/PHP pair closed at 54.35 (+0.15% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields fell, and the US Dollar strengthened as investors focused on renewed banking sector jitters.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0164	4.6127	5 years	-0.0317	3.4075
6 months	-0.0337	4.6924	10 years	-0.0504	3.3762
2 years	-0.0663	3.7667	30 years	-0.0540	3.6438

- ✓ **US equities** rose as investors digested the recent policy decision of the Fed and weighed hopes that the US central bank will pause its restrictive rate increases. However, worries over the banking sector tempered gains. The S&P 500 closed at 3,970.99 (+0.56% DoD) and the DJIA closed at 32,237.53 (+0.41% DoD).
- ✓ **Asian equities** were mixed but fell on average amid lingering concerns in the banking sector as the jump in Deutsche Bank's credit default swap sparked a sell-off of its US-listed shares. The MSCI APxJ closed at 514.20 (-0.70% DoD).
- ✓ **European equities** fell as investors digested a week of central bank rate hikes and the latest banking sector news. The MSCI Europe closed at 147.93 (-1.29% DoD).
- ✓ **US Treasury yields** dropped amid renewed worries over the banking system after the credit default swap of Deutsche Bank surged. On average, yields went down by 3.66 bps, with the 2Y closing at 3.77% (-6.63 bps) and the 10Y closing at 3.38% (-5.04 bps).
- ✓ The **US Dollar** strengthened amid safe-haven demand due to persisting concerns in the banking sector. The DXY closed at 103.12 (+0.57% DoD).

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