

March 31, 2023

LOCAL MARKETS

Local equities rose and the Philippine peso strengthened amid improved market sentiment due to easing global banking sector worries. Local fixed income yields were mixed as investors digested hawkish remarks from the BSP.

Key Events

- ✓ The **Bangko Sentral ng Pilipinas Governor** commented that it might be too early to pause the rate tightening cycle in its upcoming May meeting unless prices decline enough. He said the central bank remains cautious and needs to see low enough month-on-month inflation to give the public confidence that the average inflation forecast for 2024 is likely.
- ✓ **Monde Nissin Corp. (PSE: MONDE)** incurred a net loss amounting to Php13.03 billion in 2022 amid margin compression due to inflationary pressures and elevated cost of raw materials, as well as a one-off impairment loss related to its meat alternative business. For 2023, the Company has allotted a modest CAPEX of around Php7.42 billion, in favor of its APAC business which is believed to sustain volume growth momentum this year.

Equities

- ✓ **Local equities** rose on improved market sentiment amid easing global banking sector worries and positive domestic developments. Investors digested the upbeat results from the BSP's Business Expectations Survey and news that the Philippine Economic Zone Authority approved Php12.54 billion worth of investments in the first quarter of 2023. The PSEi closed at 6,644.75 (+0.21% DoD).

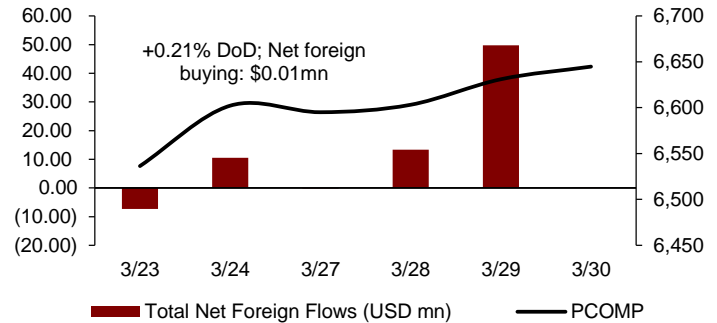
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0482	4.9882	5 years	-0.0021	5.9915
6 months	+0.0301	5.6370	7 years	+0.0046	6.1206
1 year	+0.0146	6.0247	10 years	+0.0104	6.2695
2 years	-0.0128	5.8350	20 years	+0.0072	6.6067
3 years	+0.0026	5.8958	30 years	+0.0062	6.6166
4 years	+0.0011	5.9409			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	54.450	54.415	EUR/USD	1.0844
				1.0905

PSEi Snapshot



Previous:	6,631.0	PSEi change:	0.21%
High:	6,644.8	Best:	AEV +4.66%
Low:	6,610.8	2nd best:	MER +2.31%
Close:	6,644.8	2nd worst:	DMC -1.69%
Val. traded (mn):	2,676.3	Worst:	MPI -1.82%

Fixed Income

- ✓ **Local fixed income yields** were mixed but rose on average following BSP Governor Medalla's remarks that it may be too early to halt the tightening cycle in May unless a significant decline in inflation is seen. On average, yields rose by 0.12 bps, led by the long end of the curve which went up by 0.79 bps.

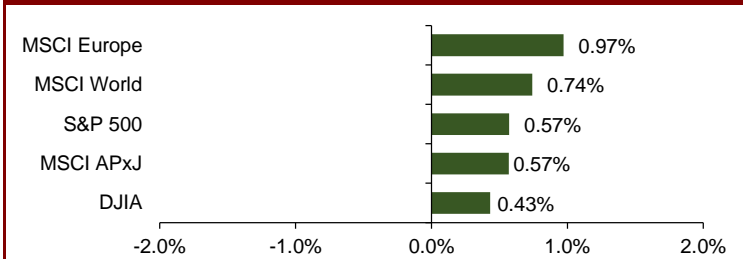
Philippine peso

- ✓ The **Philippine peso** strengthened amid improved investors' sentiment driven by easing global banking sector fears and the smaller month-on-month increase in government debt in February. The USD/PHP pair closed at 54.42 (-0.06% DoD).

OVERSEAS MARKETS

Global equities rose, US Treasury yields were mixed, and the US Dollar weakened as investors digested recent economic data releases and receding concerns over the global banking sector.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0513	4.7752	5 years	+0.0018	3.6837
6 months	+0.0260	4.8513	10 years	-0.0151	3.5488
2 years	+0.0206	4.1195	30 years	-0.0248	3.7339

- ✓ **US equities** rose amid bets that the worst on the banking sector crisis has passed. Investors also focused on the latest jobs data and release of the US 4Q22 GDP revision. The S&P 500 closed at 4,050.83 (+0.57 DoD) and the DJIA closed at 32,859.03 (+0.43% DoD).
- ✓ **Asian equities** rose on easing global sector fears. Alibaba's unit break-up plan also improved sentiment in the region and sparked hopes that China's strict regulatory assault on the tech sector may be coming to an end. The MSCI APxJ closed at 520.66 (+0.57% DoD).
- ✓ **European equities** gained amid positive sentiment as fears in the global banking sector continued to ease. The MSCI Europe closed at 152.79 (+0.97% DoD).
- ✓ **US Treasury yields** were mixed but rose on average as investors digested recent economic data releases and assessed their impact on the US economy. On average, yields went up by 1.00 bps, with the 2Y closing at 4.12% (+2.06 bps) and the 10Y closing at 3.55% (-1.51 bps).
- ✓ The **US Dollar** weakened as investors weighed the revised 4Q22 GDP data in the US and easing banking sector worries. This was also after the euro strengthened following the higher-than-expected inflation in Germany. The DXY closed at 102.14 (-0.48%).

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