

March 20, 2023

LOCAL MARKETS

Local equities rebounded, local fixed income yields rose, and the Philippine peso strengthened on easing contagion worries.

Key Events

- ✓ **Bloomberg consensus** expects a 25-basis point (bp) hike from the Bangko Sentral ng Pilipinas (BSP) in its upcoming Monetary Board meeting on March 23. Market players are expecting a 25-bp hike after local inflation decelerated to 8.6% in February.
- ✓ **San Miguel Corp. (PSE Ticker: SMC)**, through its power unit SMC Global Power Holdings, Inc., has terminated its 1,800- megawatt (MW) power supply agreements (PSA) with **Manila Electric Co. (PSE Ticker: MER)**. MER has confirmed it has received the notices from SMC, and stated that it is studying available options, including the possibility of requesting the Department of Energy to conduct another round of competitive selection process for the 1,800MW requirement.

Equities

- ✓ **Local equities** rebounded as developments in the US banking sector calmed investors' nerves. Banking worries eased on news that First Republic Bank and Credit Suisse will receive financial help. The PSEi closed at 6,469.72 (+1.01% DoD).

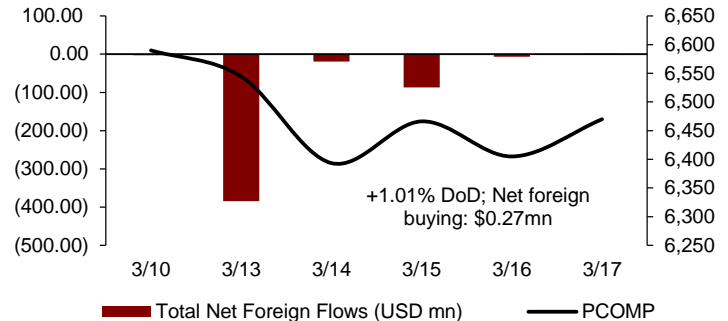
Bond Market Movement

| Tenor | Change | Yield | Tenor | Change | Yield |
|----------|---------|--------|----------|---------|--------|
| 3 months | +0.0332 | 4.8621 | 5 years | -0.0018 | 5.9891 |
| 6 months | +0.0047 | 5.4456 | 7 years | +0.0072 | 6.0859 |
| 1 year | +0.0084 | 5.8008 | 10 years | +0.0211 | 6.2274 |
| 2 years | +0.0121 | 5.8852 | 20 years | +0.0012 | 6.5565 |
| 3 years | +0.0108 | 5.9157 | 30 years | -0.0013 | 6.5675 |
| 4 years | +0.0043 | 5.9497 | | | |

Foreign Exchange

| | Previous | Close | Previous | Close |
|----------|----------|--------|----------|---------------|
| PHP/USD* | 54.860 | 54.710 | EUR/USD | 1.0610 1.0670 |

PSEi Snapshot



| | | | |
|--------------------------|---------|---------------------|------------|
| Previous: | 6,404.9 | PSEi change: | 1.01% |
| High: | 6,485.6 | Best: | JGS +6.12% |
| Low: | 6,409.3 | 2nd best: | BDO +5.02% |
| Close: | 6,469.7 | 2nd worst: | EMI -2.84% |
| Val. traded (mn): | 5,690.0 | Worst: | SMC -3.15% |

Fixed Income

- ✓ **Local fixed income yields** rose on easing contagion worries as central banks vowed to give support to distressed banks. On average, yields rose by 0.91 bps, led by the short-end which rose by 1.46 bps.

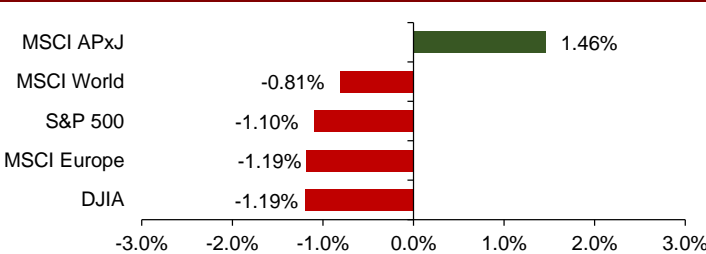
Philippine peso

- ✓ The **Philippine peso** strengthened after market sentiment improved following the upward correction in Wall Street and the local stock market. The latest US labor data which supported expectations of a slower rate hike of 25-bps in the next Fed meeting also boosted the local currency. The USD/PHP pair closed at 54.71 (-0.27% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields fell, and the US Dollar weakened as market participants continued to assess persisting concerns and recent developments on the global banking sector.

Global Markets



US Treasuries

| Tenor | Change | Yield | Tenor | Change | Yield |
|----------|---------|--------|----------|---------|--------|
| 3 months | -0.2581 | 4.3356 | 5 years | -0.2364 | 3.5002 |
| 6 months | -0.2014 | 4.6020 | 10 years | -0.1484 | 3.4286 |
| 2 years | -0.3198 | 3.8374 | 30 years | - | - |

- ✓ **US equities** fell amid persisting worries over the stability of the financial sector following the collapse of SVB Financial Group and concerns in First Republic Bank and Credit Suisse. The S&P 500 closed at 3,916.64 (-1.10% DoD) and the DJIA closed at 31,861.98 (-1.19% DoD).
- ✓ **Asian equities** rose as signs of China's recovery improved sentiment in the region. News that a group of Wall Street banks pledged \$30 billion in support of First Republic Bank also calmed market jitters. The MSCI APxJ closed at 506.17 (+1.46% DoD).
- ✓ **European equities** slumped despite announcements that Credit Suisse and First Republic Bank will receive financial assistance as investors continued to worry about the eventual economic impact of the European Central Bank's aggressive monetary policy tightening. The MSCI Europe closed at 146.55 (-1.19% DoD).
- ✓ **US Treasury yields** fell as investors moved to safer assets amid lingering fears on the US banks. On average, yields went down by 19.40 bps, with the 2Y closing at 3.84% (-31.98 bps) and the 10Y closing at 3.43% (-14.84 bps).
- ✓ The **US Dollar** weakened as contagion concerns in the banking sector drove fears of a potential recession ahead. The DXY closed at 103.71 (-0.68% DoD).

www.bpiassetmanagement.com

