

May 3, 2023

LOCAL MARKETS

Local equities rose ahead of local inflation data. Local fixed income yields rose after the Bureau of the Treasury awarded Treasury bills. The Philippine strengthened on lower global oil prices.

Key Events

- ✓ **S&P Global** reported that Philippines Manufacturing Purchasing Managers Index (PMI) went down to 51.4 in April from 52.5 in March. The lower number reflects a deceleration in new orders and output growth. Buoying the index was new export orders which grew at a 2-year high, indicating foreign demand for Philippine manufacturing products.
- ✓ **ACEN Corp. (PSE Ticker: ACEN)** announced that its unit in Australia has secured 20-year service contracts for its solar projects at the New South Wales (NSW) government's first renewable energy and storage auction. The energy service agreements are for ACEN Australia's 720-megawatt (MW) New England solar project and 400-MW Stubbo solar project.

Equities

- ✓ **Local equities** climbed as investors looked ahead to the local inflation data release and the US Federal Reserve's next policy move. Market participants also assessed the latest batch of corporate earnings. The PSEi closed at 6,672.69 (+0.72% DoD).

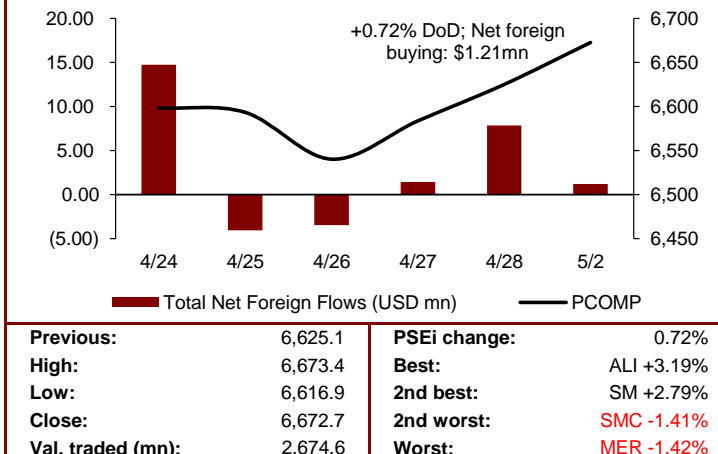
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0509	5.8703	5 years	+0.0148	5.9719
6 months	-0.0093	6.0027	7 years	+0.0136	6.0099
1 year	+0.0716	6.2135	10 years	+0.0052	6.1098
2 years	+0.0131	6.0326	20 years	-0.0166	6.2927
3 years	+0.0136	5.9929	30 years	-0.0188	6.2854
4 years	+0.0139	5.9745			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.380	55.340	EUR/USD	1.0976	1.0999

PSEi Snapshot



Fixed Income

- ✓ **Local fixed income yields** rebounded as the Bureau of the Treasury awarded Php6.92 billion worth of Treasury bills at higher interest rates. The average rate of the awarded 91 and 364-day bills were 6% and 6.247%. The secondary market rates for the same tenors were 5.8194% and 6.1419% respectively. On average, yields rose by 1.38 bps, led by the short end of the curve which went up by 3.16 bps.

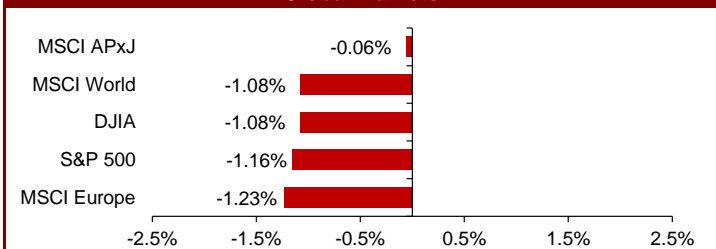
Philippine peso

- ✓ The **Philippine Peso** slightly strengthened following the decline in global crude oil prices and gains in the local stock market. The USD/PHP pair closed at 55.34 (-0.07% DoD).

OVERSEAS MARKETS

Global equities & US Treasury yields fell, and the US Dollar weakened as investors weighed economic growth concerns ahead of the Fed's policy rate decision.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0952	5.1065	5 years	-0.1861	3.4484
6 months	-0.1379	4.9321	10 years	-0.1442	3.4239
2 years	-0.1794	3.9613	30 years	-0.0962	3.7119

- ✓ **US equities** edged lower as investors anticipated the Fed's next policy move, with expectations tilted towards another rate hike. Lingering banking sector concerns also weighed on sentiment following JPMorgan's takeover of First Republic Bank. The S&P 500 closed at 4,119.58 (-1.16% DoD) and the DJIA closed at 33,684.53 (-1.08% DoD).
- ✓ **Asian equities** slightly fell on banking sector jitters fueled by JPMorgan's takeover of First Republic Bank. Investors also remained cautious ahead of the Fed's policy decision and a batch of regional economic data releases due this week. The MSCI APxJ closed at 514.86 (-0.06% DoD).
- ✓ **European equities** fell as investors braced for the expected 25-bp rate hike from the US Fed. Lower oil prices amid economic growth concerns also dragged energy stocks. The MSCI Europe closed at 155.02 (-1.23% DoD).
- ✓ **US Treasury yields** fell ahead of the Fed's policy rate decision and lingering debt ceiling worries dampened investors' risk appetite. On average, yields fell by 10.81 bps, with the 2Y closing at 3.96% (-17.94 bps) and the 10Y closing at 3.42% (-14.42 bps).
- ✓ **The US Dollar** weakened after US job openings declined for a third straight month in March which suggests some softening in the labor market. The DXY closed at 101.96 (-0.19% DoD).

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