

May 4, 2023

LOCAL MARKETS

Local equities fell, local fixed income yields declined, and the Philippine peso was flat ahead of the Fed's policy decision.

Key Events

- ✓ **Fitch Solutions BMI** revised its 2024-2027 growth forecast for the Philippines to 5.9% from its initial 5.1% estimate in January, as income growth is expected to support consumption. Nonetheless, this is still lower than the government's target of 6.5-8.0% for 2024-2028.
- ✓ **Aboitiz Power Corp. (PSE Ticker: AP)** is eyeing to invest for an additional capacity of 1,200 megawatts (MW) through liquefied natural gas (LNG). AP President and CEO Emmanuel Rubio said that the company is doing a feasibility study on building the plant in Pagbilao, Quezon.

Equities

- ✓ **Local equities** tracked Wall Street losses overnight and fell as investors took profit ahead of the Philippine inflation data's release and Federal Reserve's policy move to be announced after local market close. The PSEi closed at 6,606.69 (-0.99% DoD).

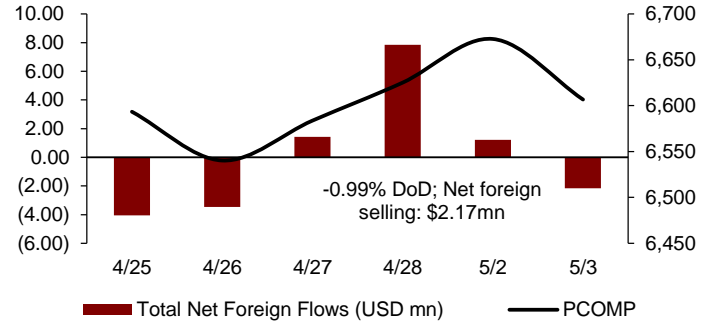
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0379	5.9082	5 years	-0.0247	5.9472
6 months	+0.0112	6.0139	7 years	-0.0272	5.9827
1 year	-0.0058	6.2077	10 years	-0.0391	6.0707
2 years	-0.0031	6.0295	20 years	-0.0391	6.2536
3 years	-0.0053	5.9876	30 years	-0.0475	6.2379
4 years	-0.0143	5.9602			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.340	55.335	EUR/USD	1.0999	1.1062

PSEi Snapshot



Previous:	6,672.7	PSEi change:	-0.99%
High:	6,675.7	Best:	SCC +1.45%
Low:	6,606.7	2nd best:	DMC +1.42%
Close:	6,606.7	2nd worst:	CNVRG -2.56%
Val. traded (mn):	2,904.3	Worst:	BDO -3.03%

Fixed Income

- ✓ **Local fixed income yields** fell on average as easing Brent oil prices softened inflation expectations. The short end partly offset the decline as some investors de-risked from short-term fixed income securities ahead of the Fed's meeting and local inflation data. On average, yields fell by 1.43 bps, led by the long end of the curve which went down by 4.19 bps.

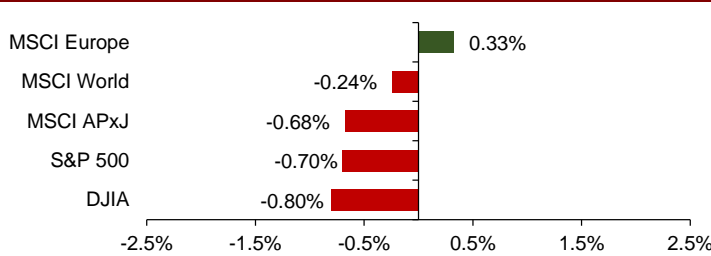
Philippine peso

- ✓ The **Philippine Peso** was flat ahead of the US Fed's monetary policy decision. The USD/PHP pair closed at 55.34 (-0.01% DoD).

OVERSEAS MARKETS

Global equities mostly fell, US Treasury yields declined further, and the US Dollar weakened as investors weighed the latest policy decision and signals from the US Fed, together with corporate earnings releases.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0746	5.1811	5 years	-0.1504	3.2980
6 months	+0.0157	4.9478	10 years	-0.0883	3.3356
2 years	-0.1565	3.8048	30 years	-0.0298	3.6821

- ✓ **US equities** fell as investors digested the 25-bp rate hike approved by the Fed in its latest policy meeting. The S&P 500 closed at 4,090.75 (-0.70% DoD) and the DJIA closed at 33,414.24 (-0.80% DoD).
- ✓ **Asian equities** fell on dampened sentiment as investors remained cautious amid expectations of another rate hike by the Fed and lingering concerns on the banking sector. The Fed's policy decision was announced after regional markets were closed. The MSCI APxJ closed at 511.38 (-0.68% DoD).
- ✓ **European equities** rose ahead of the Fed's policy decision while investors also weighed the latest corporate earnings releases. The MSCI Europe closed at 155.53 (+0.33% DoD).
- ✓ **US Treasury yields** fell following the expected 25-bp rate hike from the Fed and as investors assessed Fed's signal that it may potentially pause its tightening cycle. On average, yields fell by 5.58 bps, with the 2Y closing at 3.80% (-15.65 bps) and the 10Y closing at 3.34% (-8.83 bps).
- ✓ The **US Dollar** weakened as investors focused on the Fed's latest policy decision and signals. The DXY closed at 101.34 (-0.60% DoD).

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