

May 8, 2023

## LOCAL MARKETS

Local equities marginally rose, local fixed income yields fell, and the Philippine peso strengthened on cooler-than-expected inflation print.

### Key Events

- ✓ The **Philippine Statistics Authority** reported that the consumer price index decelerated to 6.6% in April (consensus: 7.0%) from 7.6% the month prior. The latest figure brought year-to-date inflation to 7.9%. The lower print can be attributed to decelerating food prices, transport, and housing & utilities. Core inflation also decelerated to 7.9% from 8.0%.
- ✓ **Converge ICT Solutions Inc. (PSE Ticker: CNVRG)** said it remains open to sign a partnership deal with Elon Musk's Space Exploration Technologies Corp. (SpaceX) which operates Starlink for the installation of satellite connectivity in unserved areas. This was after the company shared it is doing a demo of its military satellite from Kymeta Corp.

### Equities

- ✓ **Local equities** rose on positive sentiment after April inflation slowed faster than expected, fuelling expectations of a monetary tightening pause in the next BSP meeting. However, gains were capped by last minute profit-taking ahead of the weekend. The PSEi closed at 6,685.66 (+0.02% DoD).

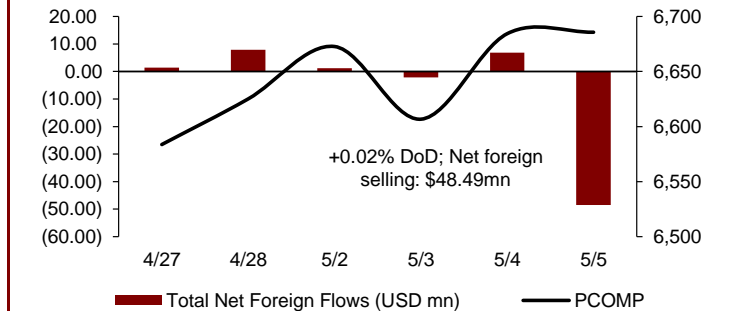
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0281	5.9526	5 years	-0.0497	5.8339
6 months	+0.0328	6.0613	7 years	-0.0447	5.8591
1 year	+0.0002	6.1943	10 years	-0.0477	5.9366
2 years	-0.0379	5.9524	20 years	-0.0689	6.0409
3 years	-0.0492	5.8945	30 years	-0.0478	6.0268
4 years	-0.0511	5.8558			

### Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.350	55.300	EUR/USD	1.1012	1.1019

### PSEi Snapshot



<b>Previous:</b>	6,684.4	<b>PSEi change:</b>	0.02%
<b>High:</b>	6,706.2	<b>Best:</b>	CNVRG +5.03%
<b>Low:</b>	6,673.3	<b>2nd best:</b>	MONDE +2.51%
<b>Close:</b>	6,685.7	<b>2nd worst:</b>	ALI -1.40%
<b>Val. traded (mn):</b>	3,093.9	<b>Worst:</b>	BDO -2.84%

### Fixed Income

- ✓ **Local fixed income yields** continued to decline as inflation decelerated faster than expected in April. The Bangko Sentral ng Pilipinas is currently looking at downgrading its inflation forecast to 5.7%-5.8% from the current 6.0%. The official revision will be released after the Monetary Board meeting on May 18. On average, yields fell by 3.05 bps, led by the long end of the curve which went down by 5.48 bps.

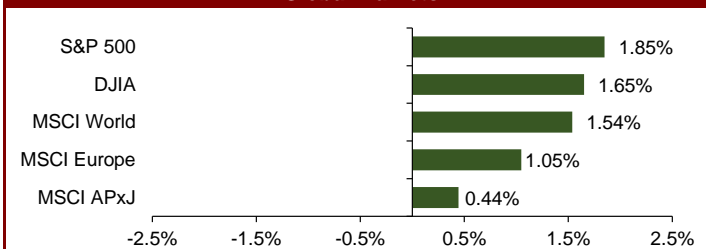
### Philippine peso

- ✓ The **Philippine Peso** slightly strengthened amid positive sentiment after local inflation eased in April. However, expectations of a potential rate pause tempered gains. The USD/PHP pair closed at 55.30 (-0.09% DoD).

## OVERSEAS MARKETS

Global equities rose, US Treasury yields went up, and the US Dollar weakened as investors weighed latest jobs data, corporate earnings releases, and signals from central banks.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0030	5.2016	5 years	+0.0818	3.4104
6 months	+0.0831	5.0435	10 years	+0.0583	3.4370
2 years	+0.1236	3.9139	30 years	+0.0239	3.7535

- ✓ **US equities** snapped its losing streak as regional bank shares climbed off its lows following first quarter upbeat earnings results. Better-than-expected corporate earnings from other large-cap names and a strong April jobs report also supported gains. The S&P 500 closed at 4,136.25 (+1.85% DoD) and the DJIA closed at 33,674.38 (+1.65% DoD).
- ✓ **Asian equities** rose on tempered fears after US regional bank shares staged a rebound. The MSCI APxJ closed at 517.16 (+0.44% DoD).
- ✓ **European equities** rebounded as investors assessed cues from ECB while waiting for potential catalysts from the fresh round of economic releases to be released this week. The MSCI Europe closed at 156.44 (+1.05% DoD).
- ✓ **US Treasury yields** rose as investors digested signals from the Fed and better-than-expected nonfarm payrolls data which rose by 253K in April, from 165K in March. On average, yields rose by 6.23 bps, with the 2Y closing at 3.91% (+12.36 bps) and the 10Y closing at 3.44% (+5.83 bps).
- ✓ The **US Dollar** slightly weakened as investors weighed jobs and wage growth data for April which beat economists' forecasts but showed downward jobs revisions for March. The DXY closed at 101.21 (-0.18% DoD).

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