

May 9, 2023

LOCAL MARKETS

Local equities declined ahead of economic data releases. Local fixed income yields fell as the BSP said a rate cut is possible this year. The Philippine peso strengthened on improving employment data.

Key Events

- ✓ The **Philippine Statistics Authority** reported that the unemployment fell to 4.7% in March, a slight decrease from 4.8% in Feb. Underemployment also fell to 11.2% in March from 12.9%, the lowest since April 2005. The gains in jobs were led by construction, transportation & storage, mining & quarrying, manufacturing, and administrative & support services activities. However, the labor force participation rate fell to 66.0% from 66.6% as people in the 15-24 bracket went back to school.
- ✓ **Globe Telecom Inc. (PSE Ticker: GLO)** sold 447 telecommunications towers to Unity Digital Infrastructure, Inc. Of the total towers sold, 84% were ground-based, while the rest were rooftop towers. The company expects Php5.4 billion worth of proceeds from the sale.

Equities

- ✓ **Local equities** slipped as investors pocketed gains ahead of the Philippine GDP and US inflation data release. The PSEi closed at 6,600.74 (-1.27% DoD).

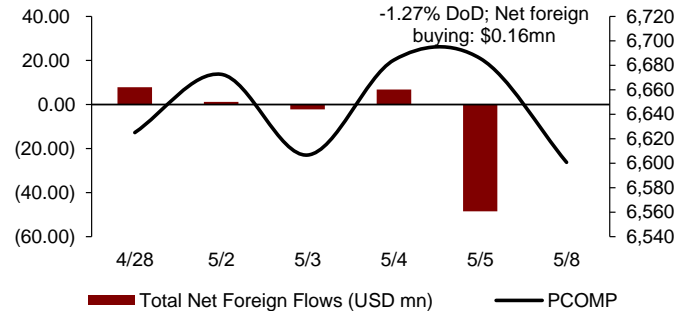
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0498	5.7681	5 years	-0.0226	5.8332
6 months	-0.0339	5.9187	7 years	-0.0377	5.7962
1 year	-0.0199	6.0414	10 years	-0.0669	5.7922
2 years	-0.0325	6.1618	20 years	-0.0675	5.8691
3 years	-0.0122	5.9402	30 years	-0.0852	5.9557
4 years	-0.0124	5.8821			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.300	55.250	EUR/USD	1.1019	1.1004

PSEi Snapshot



Previous:	6,685.7	PSEi change:	-1.27%
High:	6,750.1	Best:	CNVRG +1.71%
Low:	6,600.7	2nd best:	URC +1.69%
Close:	6,600.7	2nd worst:	ALI -4.78%
Val. traded (mn):	4,136.5	Worst:	UBP -4.88%

Fixed Income

- ✓ **Local fixed income yields** fell as the Bangko Sentral ng Pilipinas governor said a rate cut is possible this year. Governor Medalla said a rate cut in August is possible if month-on-month inflation is negative for 6 months, but the central bank would have to consider the stability of the exchange rate. On average, yields fell by 4.01 bps, led by the long end of the curve which went down by 7.63 bps.

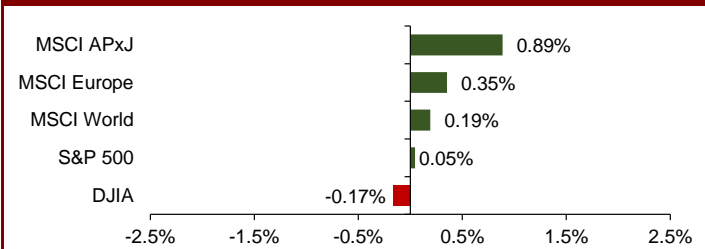
Philippine peso

- ✓ The **Philippine Peso** strengthened amid optimism on local employment data. The USD/PHP pair closed at 55.25 (-0.09% DoD).

OVERSEAS MARKETS

Global equities rose, US Treasury yields went up, and the US Dollar strengthened as investors await the closely watched US inflation data to be released this week.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0110	5.2270	5 years	+0.0790	3.4930
6 months	-0.0170	5.0720	10 years	+0.0700	3.5130
2 years	+0.0870	4.0050	30 years	+0.0690	3.8240

- ✓ **US equities** were little changed as investors stayed on the sidelines ahead of key inflation data report. The S&P 500 closed at 4,138.12 (+0.05% DoD) and the DJIA closed at 33,618.69 (-0.17% DoD).
- ✓ **Asian equities** rose, tracking Wall Street gains last Friday. China and Hong Kong markets were also lifted by bank and energy stocks, the latter booking gains after a recovery in oil prices. The MSCI APxJ closed at 521.74 (+0.89% DoD).
- ✓ **European equities** rose as investors weighed corporate earnings releases ahead of the Bank of England's policy rate decision and US inflation data release this week. The MSCI Europe closed at 156.99 (+0.35% DoD).
- ✓ **US Treasury yields** rose as investors await the key inflation data to be released this week which could influence the Fed's next policy move. On average, yields rose by 4.76 bps, with the 2Y closing at 4.01% (+8.70 bps) and the 10Y closing at 3.51% (+7.00 bps).
- ✓ The **US Dollar** slightly strengthened as investors waited for the release of the inflation data. The DXY closed at 101.38 (+0.16% DoD).