

May 10, 2023

LOCAL MARKETS

Local equities rose ahead of economic data. Local inflation yields fell following the BTr's 10-year bond reissuance. The Philippine peso weakened on widening trade deficit.

Key Events

- ✓ The **Philippine Statistics Authority** reported that the trade deficit widened to \$4.93 billion in March as exports growth declined faster than import growth. Year-to-date, exports fell 13.2% while imports fell 3.3%. These are below the Development Budget Coordination Committee's forecasts of 3% and 4% growth for exports and imports, respectively.
- ✓ **JG Summit Holdings, Inc. (PSE Ticker: JGS)** reported its core net income at Php4.4 billion for 1Q2023, a recovery from Php0.7 billion core net loss booked in 1Q2022. The turnaround was led by significant improvements in its air transport arm, real estate business, and higher equity contribution from Meralco.

Equities

- ✓ **Local equities** edged slightly higher ahead of the US inflation and Philippine GDP report. Investors remained cautious and stayed on the sidelines as they waited for catalysts in the market. The PSEi closed at 6,622.61 (+0.33% DoD).

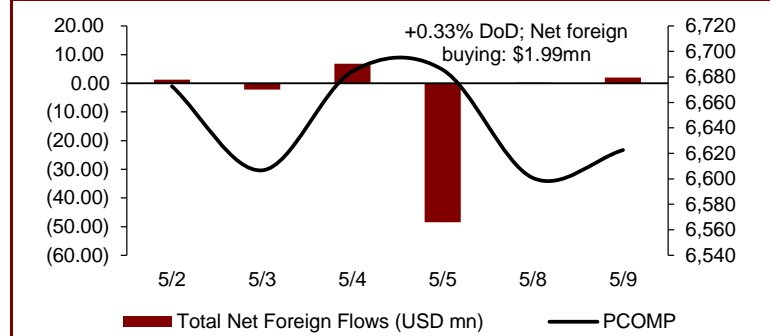
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0402	5.8083	5 years	-0.0784	5.7548
6 months	+0.0265	5.9452	7 years	-0.0635	5.7327
1 year	+0.0145	6.0559	10 years	-0.0503	5.7419
2 years	+0.0192	6.1810	20 years	-0.0517	5.8174
3 years	-0.0881	5.8521	30 years	-0.0231	5.9326
4 years	-0.0891	5.7930			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.250	55.760	EUR/USD	1.1004
				1.0962

PSEi Snapshot



Previous:	6,600.7	PSEi change:	0.33%
High:	6,646.6	Best:	SMPH +2.10%
Low:	6,594.5	2nd best:	URC +2.06%
Close:	6,622.6	2nd worst:	DMC -2.86%
Val. traded (mn):	3,289.4	Worst:	MONDE -3.55%

Fixed Income

- ✓ **Local fixed income yields** fell on expectations of a less tight policy following the cooler-than-expected inflation figures and following the Bureau of the Treasury's reissuance of 10-year bonds. The BTr raised Php25 billion with an average yield of 5.732%, lower than secondary market rates. On average, yields fell by 3.13 bps, led by the belly of the curve which went down by 7.03 bps.

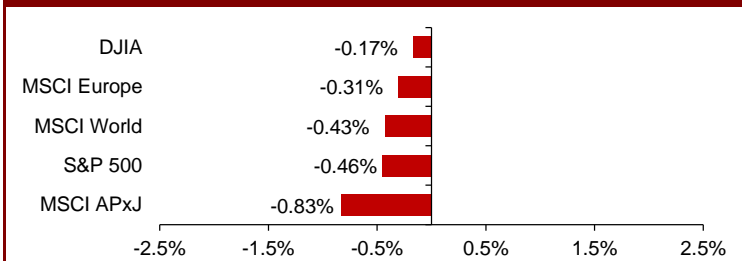
Philippine peso

- ✓ The **Philippine Peso** weakened as the Philippine trade deficit widened to \$4.93 billion in March. The USD/PHP pair closed at 55.76 (+0.92% DoD).

OVERSEAS MARKETS

Global equities fell, US Treasury yields rose, and the US Dollar strengthened as investors weighed corporate and economic developments while waiting for the key inflation data.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0200	5.2470	5 years	+0.0050	3.4980
6 months	+0.0840	5.1560	10 years	+0.0110	3.5240
2 years	+0.0210	4.0260	30 years	+0.0160	3.8400

- ✓ **US equities** slipped as investors braced for the US inflation report due within the week. The market also weighed the progress on the US debt limit. The S&P 500 closed at 4,119.17 (-0.46% DoD) and the DJIA closed at 33,561.81 (-0.17% DoD).
- ✓ **Asian equities** fell on dampened sentiment following the softer April trade data from China. While China's exports grew 8.5%, it is slower than the 14.8% jump in March. The MSCI APxJ closed at 517.40 (-0.83% DoD).
- ✓ **European equities** fell amid the selloff in property stocks after SBB, a Swedish real estate group, announced suspension of dividends. Luxury stocks also fell on weak China trade data. The MSCI Europe closed at 156.51 (-0.31% DoD).
- ✓ **US Treasury yields** rose ahead of key inflation data and as investors remained cautious amid continued debt ceiling concerns. On average, yields rose by 2.07 bps, with the 2Y closing at 4.03% (+2.10 bps) and the 10Y closing at 3.52% (+1.10 bps).
- ✓ The **US Dollar** slightly strengthened on improved sentiment after the US Senior Loan Officer Opinion Survey (SLOOS) showed that the continued tightening of credit conditions was due to the Fed's aggressive rate hikes rather than the banking sector stress. The DXY closed at 101.61 (+0.22% DoD).

