

May 11, 2023

LOCAL MARKETS

Local equities rose on positive earnings results. Local fixed income yields rose on bargain hunting. The Philippine peso strengthened ahead of US CPI data.

Key Events

- ✓ Data from the **Bangko Sentral ng Pilipinas** showed that foreign direct net inflows rose by 13% to \$1.05 billion in February. This is the highest level of net inflows since the \$2.66 billion in December 2021. The BSP attributed the growth to higher non-residents' net investments in debt instruments, offsetting lower net equity capital placements and reinvestment of earnings.
- ✓ **SM Investments Corp. (PSE Ticker: SM)** reported a consolidated net income of Php17.3 billion in 1Q23, a 33.1% increase. The increase can be attributed to increased revenues from its subsidiaries as BDO, China Bank, SM Prime Holdings, and SM Retail posted revenue increases of 41%, 3%, 27%, and 59% respectively.

Equities

- ✓ **Local equities** rose on positive sentiment as investors digested a batch of strong first quarter corporate earnings results. The PSEi closed at 6,658.59 (+0.54% DoD).

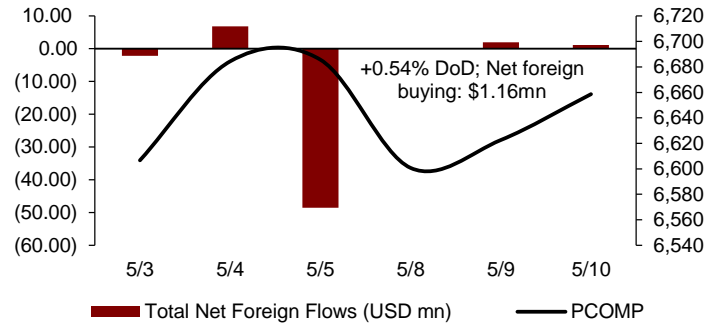
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0058	5.8025	5 years	+0.0177	5.7725
6 months	-0.0361	5.9091	7 years	+0.0232	5.7559
1 year	-0.0153	6.0406	10 years	+0.0243	5.7662
2 years	-0.0213	6.1597	20 years	+0.0213	5.8387
3 years	+0.0112	5.8633	30 years	+0.0249	5.9575
4 years	+0.0123	5.8053			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.760	55.670	EUR/USD	1.0962
				1.0982

PSEi Snapshot



Previous:	6,622.6	PSEi change:	0.54%
High:	6,660.7	Best:	AEV +3.61%
Low:	6,621.6	2nd best:	JGS +3.01%
Close:	6,658.6	2nd worst:	MONDE -1.05%
Val. traded (mn):	3,475.9	Worst:	WLCON -1.12%

Fixed Income

- ✓ **Local fixed income yields** rose on bargain hunting following 5 straight sessions of declining yields. The yields' recent downtrend was amid decelerating inflation data and dovish central bank sentiment. On average, yields rose by 0.51 bps, led by the long end of the curve which went up by 2.31 bps.

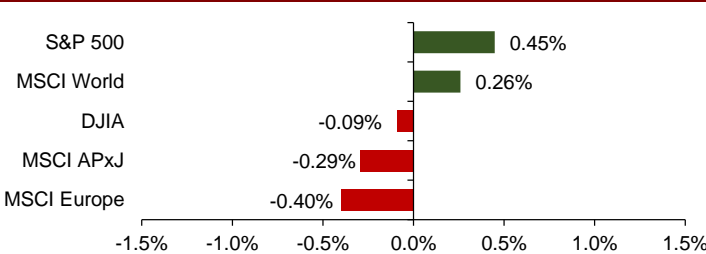
Philippine peso

- ✓ The **Philippine Peso** strengthened ahead of US CPI data. After trading hours, US headline inflation decelerated to 4.9%, marginally down from 5.0% the month prior. The USD/PHP pair closed at 55.67 (-0.16% DoD).

OVERSEAS MARKETS

Global equities and US Treasury yields fell ahead of US inflation data. The US dollar weakened on concerns surrounding the \$31.4 trillion debt ceiling.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0010	5.2460	5 years	-0.1120	3.3860
6 months	-0.0530	5.1030	10 years	-0.0790	3.4450
2 years	-0.1120	3.9140	30 years	-0.0380	3.8020

- ✓ **US equities** were mixed but mostly rallied after lower-than-expected April inflation data fueled optimism. Market participants also continued to monitor the progress in the debt ceiling talks. The S&P 500 closed at 4,137.64 (+0.45% DoD) and the DJIA closed at 33,531.33 (-0.09% DoD).
- ✓ **Asian equities** declined as investors remained cautious ahead of the US inflation report which was released after markets closed. Poor economic data from China and a crackdown on Chinese due diligence firms also weighed on regional stocks. The MSCI APxJ closed at 515.89 (-0.29% DoD).
- ✓ **European equities** fell as investors digested the latest US CPI report and assessed the US Fed's potential policy direction. The market is also anticipating the Bank of England's decision on its interest rate later in the week. The MSCI Europe closed at 155.88 (-0.40% DoD).
- ✓ **US Treasury yields** fell as US inflation decelerated to 4.9%. However, lingering debt ceiling concerns capped the movement. On average, yields declined by 8.24 bps, with the 2Y closing at 3.91% (-11.20 bps) and the 10Y closing at 3.45% (-7.90 bps).
- ✓ The **US Dollar** weakened as the White House negotiated its \$31.4 trillion debt ceiling. The DXY closed at 101.48 (-0.13% DoD).