

May 12, 2023

LOCAL MARKETS

Local equities rose as GDP grew faster than expected. Local fixed income yields fell following US inflation data. The Philippine peso weakened on higher oil prices.

Key Events

- ✓ The **Philippine Statistics Authority** reported that gross domestic product grew by 6.4% in 1Q23, slower than the 7.0% expansion in 4Q22. This is the slowest expansion since the 3.8% contraction in 1Q21. GDP will have to grow by 5.9% for the rest of the year to reach the government's target of 6-7%.
- ✓ **Converge ICT Solutions, Inc. (PSE Ticker: CNVRG)** posted a net income of Php2.2 billion in 1Q23, 10.3% higher compared to the same period in 2022. Consolidated revenues for the period grew by 11.5% to Php 8.6 billion as the SME customer base grew by 43%.

Equities

- ✓ **Local equities** rose on better-than-expected first quarter Philippine GDP growth. Positive sentiment in the US also spilled over to the local market as cooling US inflation fueled expectations of a Fed rate hike pause. The PSEi closed at 6,675.46 (+0.25% DoD).

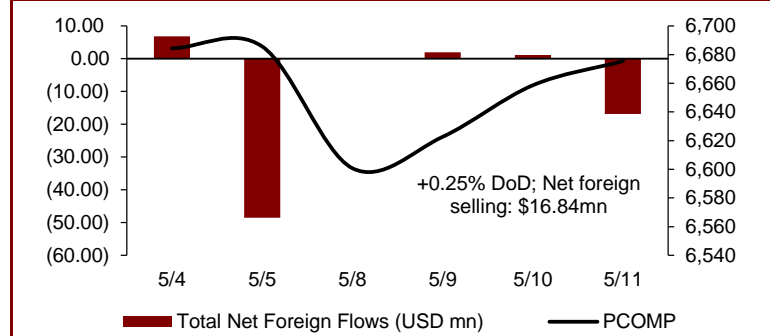
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0036	5.8061	5 years	-0.0068	5.7657
6 months	-0.0191	5.8900	7 years	-0.0081	5.7478
1 year	-0.0052	6.0354	10 years	-0.0054	5.7608
2 years	-0.0815	6.0782	20 years	-0.0293	5.8094
3 years	+0.0048	5.8681	30 years	-0.0452	5.9123
4 years	-0.0018	5.8035			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	55.670	55.750	EUR/USD	1.0982 1.0916

PSEi Snapshot



Previous:	6,658.6	PSEi change:	0.25%
High:	6,704.5	Best:	SMPH +1.76%
Low:	6,657.5	2nd best:	AC +1.73%
Close:	6,675.5	2nd worst:	CNVRG -1.18%
Val. traded (mn):	3,908.0	Worst:	TEL -1.23%

Fixed Income

- ✓ **Local fixed income yields** declined as investors digested the latest US inflation print. On average, yields fell by 1.76 bps, led by the long end of the curve which went down by 3.72 bps.

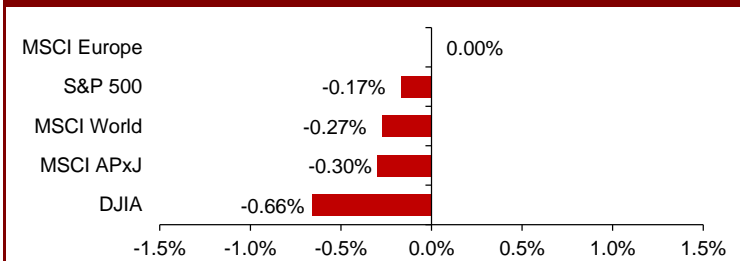
Philippine peso

- ✓ The **Philippine Peso** weakened as the stronger Dollar and higher global oil prices dragged down the currency. Investors also digested the local 1Q23 GDP data release. The USD/PHP pair closed at 55.75 (+0.14% DoD).

OVERSEAS MARKETS

Global equities & US treasury yields mostly fell and the US Dollar strengthened on corporate earnings results and several economic data releases.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0730	5.1730	5 years	-0.0270	3.3590
6 months	+0.0040	5.1070	10 years	-0.0550	3.3900
2 years	-0.0130	3.9010	30 years	-0.0580	3.7440

- ✓ **US equities** fell amid a disappointing quarterly earnings report from Disney and looming banking sector concerns after PacWest Bancorp reported a 9.5% drop in deposits. Disney shares fell on poor subscriber growth and plans of a \$1.5-\$1.8 million impairment charge. The S&P 500 closed at 4,130.62 (-0.17% DoD) and the DJIA closed at 33,309.51 (-0.66% DoD).
- ✓ **Asian equities** were mixed but declined on average as investors digested China's lower-than-expected inflation print which came in 0.1% YoY, lower than consensus estimate of 0.4% YoY, fueling concerns of its deflationary pressure in the region. The MSCI APxJ closed at 514.32 (-0.30% DoD).
- ✓ **European equities** ended flat as investors digested the Bank of England's 25-bp rate hike, within expectations, and a slower US inflation print. The MSCI Europe closed at 155.88 (0.00% DoD).
- ✓ **US Treasury yields** dwindled after the producer price index increased at a slower pace in April, boosting expectations that the Fed may pause its rate hikes. On average, yields declined by 3.86 bps, with the 2Y closing at 3.90% (-1.30 bps) and the 10Y closing at 3.39% (-5.50 bps).
- ✓ The **US Dollar** strengthened amid safe-haven demand following the economic data releases and banking sector concerns. Last week, weekly jobless claims rose 22,000 to 264,000. The DXY closed at 102.06 (+0.57% DoD).