

May 15, 2023

## LOCAL MARKETS

Local equities fell, local fixed income yields were mixed, and the Philippine peso slightly weakened ahead of central bank policy moves.

### Key Events

- ✓ **Bloomberg consensus expects the Bangko Sentral ng Pilipinas (BSP) to maintain its policy rate in the upcoming Monetary Board meeting on May 18.** Out of 20 estimates, 14 expect the BSP to pause its hiking cycle while the rest are expecting a 25 bp hike. If realized, this would end 9 straight meetings of the BSP raising its policy rate.
- ✓ **Manila Electric Company (PSE Ticker: MER) expects the volume of its energy sales to increase by 4% in 2023 as consumption of households normalizes and power usage of commercial establishments surpass pre-pandemic levels.** In 1Q23, Meralco's energy sales climbed by 2% to 11,287 gigawatt-hours (GWh) from the 11,069 GWh recorded in the same period a year earlier.

### Equities

- ✓ **Local equities** fell ahead of the Bangko Sentral ng Pilipinas's (BSP) policy meeting and as investor concerns arose on uncertainties surrounding the US debt ceiling. Shares were also weighed down by the quarterly MSCI rebalancing. The PSEi closed at 6,578.15 (-1.46% DoD).

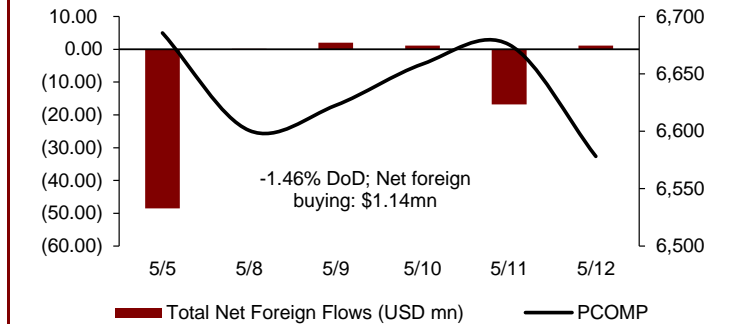
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0548	5.8609	5 years	-0.0029	5.7628
6 months	+0.0267	5.9167	7 years	-0.0001	5.7477
1 year	+0.0216	6.0570	10 years	+0.0009	5.7617
2 years	-0.0839	5.9943	20 years	-0.0028	5.8066
3 years	+0.0027	5.8708	30 years	+0.0201	5.9324
4 years	-0.0036	5.7999			

### Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.750	55.790	EUR/USD	1.0916	1.0849

### PSEi Snapshot



<b>Previous:</b>	6,675.5	<b>PSEi change:</b>	-1.46%
<b>High:</b>	6,668.7	<b>Best:</b>	TEL +2.24%
<b>Low:</b>	6,578.2	<b>2nd best:</b>	DMC +1.48%
<b>Close:</b>	6,578.2	<b>2nd worst:</b>	SMPH -2.89%
<b>Val. traded (mn):</b>	4,232.9	<b>Worst:</b>	MONDE -8.26%

### Fixed Income

- ✓ **Local fixed income yields** were mixed but rose on average ahead of the BSP's Monetary Board meeting. On average, yields rose by 0.30 bps, led by the long end of the curve which went up by 0.87 bps.

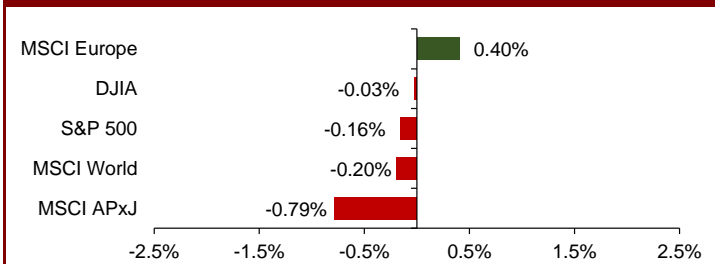
### Philippine peso

- ✓ The **Philippine Peso** slightly weakened as investors waited for the next policy moves by the BSP and the US Fed. The USD/PHP pair closed at 55.79 (+0.07% DoD).

## OVERSEAS MARKETS

Global equities mostly fell, US Treasury yields rose, and the US dollar strengthened on debt ceiling concerns. European equities managed to post gains on strong economic growth and corporate earnings data.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-	5.1910	5 years	-	3.4480
6 months	-	5.1320	10 years	-	3.4700
2 years	-	3.9940	30 years	-	3.7920

- ✓ **US equities** fell as investors digested the preliminary University of Michigan consumer sentiment index which fell to a 6-month low. The US debt ceiling negotiations also weighed on sentiment. The S&P 500 closed at 4,124.08 (-0.16% DoD) and the DJIA closed at 33,300.62 (-0.03% DoD).
- ✓ **Asian equities** fell on dented sentiment amid concerns over the US debt ceiling negotiations and underwhelming US and China economic data. The MSCI APxJ closed at 510.27 (-0.79% DoD).
- ✓ **European equities** gained on UK GDP data and strong corporate earnings report. UK GDP showed a growth of 0.1%, in-line with expectations. The MSCI Europe closed at 156.51 (+0.40% DoD).
- ✓ **US Treasury yields** rose as investors digested US debt ceiling concerns and the inflation data. On average, yields went up by 7.67 bps, with the 2Y closing at 3.99% (+9.30 bps) and the 10Y closing at 3.47% (+8.00 bps).
- ✓ The **US Dollar** strengthened amid safe-haven demand due to concerns on the debt ceiling and weak US consumer sentiment data which fell to a six-month low in May. The DXY closed at 102.68 (+0.61% DoD).