

May 16, 2023

## LOCAL MARKETS

Local equities declined, local fixed income yields fell, and the Philippine peso weakened ahead of the BSP's policy meeting.

### Key Events

- ✓ The **Bangko Sentral ng Pilipinas (BSP)** is likely to pause its rate hiking cycle in its upcoming meeting, according to Governor Medalla. He said that there is no need for another hike given the decelerating inflation figures. However, he also said a cut would be unlikely given the current interest rate differential with the Federal Reserve.
- ✓ **San Miguel Corporation (PSE Ticker: SMC)** recorded a net income of Php17.7 billion in 1Q23, 27% higher than the Php13.9 billion posted in the same period last year. The increase was driven by the broad-based growth in its business segments. Top line reached Php346.7 billion, up 9% from the same period last year.

### Equities

- ✓ **Local equities** declined as investors remained cautious ahead of the BSP's monetary policy meeting this week. The PSEi closed at 6,523.15 (-0.84% DoD).

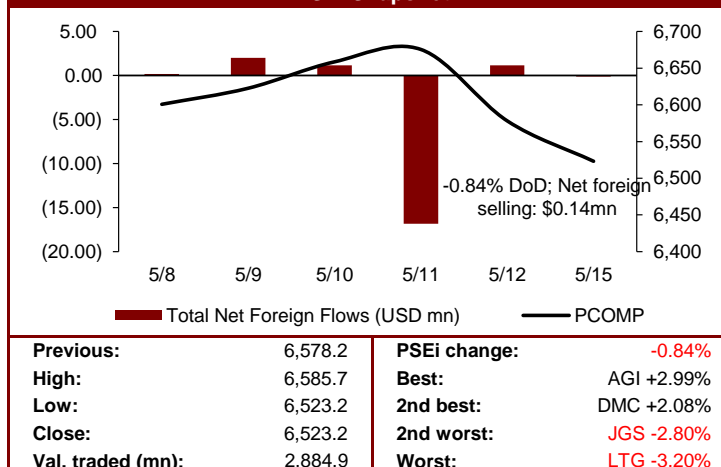
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.1192	5.7417	5 years	+0.0018	5.7646
6 months	-0.0501	5.8666	7 years	-0.0056	5.7421
1 year	-0.0354	6.0216	10 years	-0.0044	5.7573
2 years	+0.0205	6.0148	20 years	+0.0100	5.8166
3 years	+0.0105	5.8813	30 years	-0.0409	5.8915
4 years	+0.0099	5.8098			

### Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.790	56.070	EUR/USD	1.0849	1.0874

### PSEi Snapshot



### Fixed Income

- ✓ **Local fixed income yields** fell on dovish comments from the BSP. On average, yields fell by 1.84 bps, led by the short end of the curve which went down by 3.47 bps.

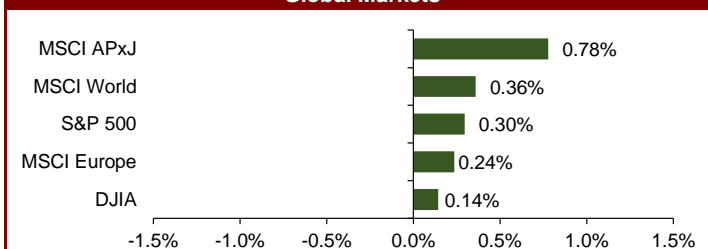
### Philippine peso

- ✓ The **Philippine Peso** weakened amid bets of a potential pause in rate hikes from the BSP at the upcoming May 18 meeting. The USD/PHP pair closed at 56.07 (+0.50% DoD).

## OVERSEAS MARKETS

Global equities gained, US Treasury yields rose, and the US dollar weakened amid US debt ceiling negotiations. Asian equities gained ahead of economic data releases from China.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0470	5.1440	5 years	+0.0240	3.4720
6 months	+0.0260	5.1580	10 years	+0.0380	3.5080
2 years	+0.0210	4.0150	30 years	+0.0540	3.8460

- ✓ **US equities** slightly rose as investors continued to monitor negotiations on the debt ceiling. The S&P 500 closed at 4,136.28 (+0.30% DoD) and the DJIA closed at 33,348.60 (+0.14% DoD).
- ✓ **Asian equities** gained ahead of China's industrial and retail data releases. The MSCI APxJ closed at 514.24 (+0.78% DoD).
- ✓ **European equities** gained as investors weighed developments on the US debt ceiling. The MSCI Europe closed at 156.88 (+0.24% DoD).
- ✓ **US Treasury yields** rose as investors digested remarks from US Fed officials and debt ceiling concerns. Atlanta Fed President Bostic commented that he would vote to keep the policy rate as is given the conditions as of his interview. On average, yields went up by 2.31 bps, with the 2Y closing at 4.02% (+2.10 bps) and the 10Y closing at 3.51% (+3.80 bps).
- ✓ The **US Dollar** weakened as investors consolidated gains and awaited developments regarding the debt ceiling issue. The DXY closed at 102.43 (-0.24% DoD).

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