

May 18, 2023

## LOCAL MARKETS

Local equities gained, local fixed income yields fell, and the Philippine peso weakened on bets the BSP will pause its rate hiking cycle.

### Key Events

- ✓ The **Philippine Statistics Authority** reported that foreign investment pledges rose to Php172.7 billion in 1Q23 from the Php8.98 billion in 1Q22. Germany contributed 90.9% of the investment pledges, followed by Japan and the Netherlands with 2.2% and 1.5% respectively.
- ✓ **First Gen Corp. (PSE Ticker: FGEN)** is earmarking \$1.1 billion for its capital expenditures this year following the declaration that its wholly owned subsidiary, Fresh River Lakes Corp., had the top bid of \$526 million for the 165 MW Casecanan hydroelectric power plan in Nueva Ecija.

### Equities

- ✓ **Local equities** extended gains ahead of the Bangko Sentral ng Pilipinas (BSP) policy meeting on expectations that the central bank may pause rate hikes. Bets of a pause were fueled after BSP Governor Medalla hinted at a reduction in the required reserve ratio (RRR) rather than raising policy rates. The PSEI closed at 6,635.11 (+0.70% DoD).

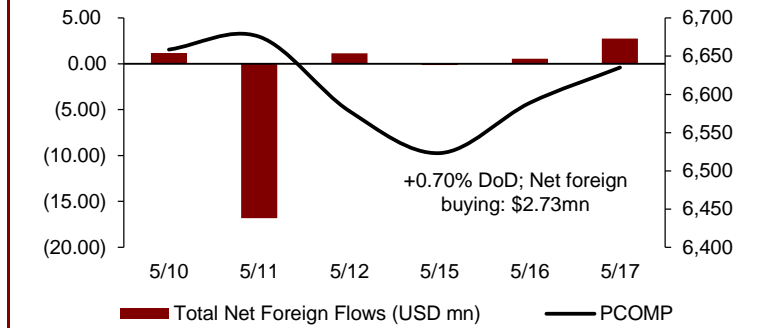
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0020	5.6838	5 years	-0.0420	5.6988
6 months	-0.0052	5.8227	7 years	-0.0500	5.6585
1 year	-0.0150	5.9519	10 years	-0.0551	5.6557
2 years	-0.0415	5.9674	20 years	-0.0527	5.7202
3 years	-0.0317	5.8308	30 years	+0.0037	5.8930
4 years	-0.0354	5.7570			

### Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD*	56.030	56.200	EUR/USD	1.0862
				1.0840

### PSEI Snapshot



<b>Previous:</b>	6,588.9	<b>PSEI change:</b>	0.70%
<b>High:</b>	6,644.4	<b>Best:</b>	GTCAP +2.42%
<b>Low:</b>	6,593.7	<b>2nd best:</b>	TEL +2.13%
<b>Close:</b>	6,635.1	<b>2nd worst:</b>	AEV -2.06%
<b>Val. traded (mn):</b>	3,059.3	<b>Worst:</b>	AP -2.11%

### Fixed Income

- ✓ **Local fixed income yields** fell as investors anticipate a rate pause in the BSP's upcoming policy meeting. On average, yields fell by 2.97 bps, led by the belly of the curve which went down by 4.56 bps.

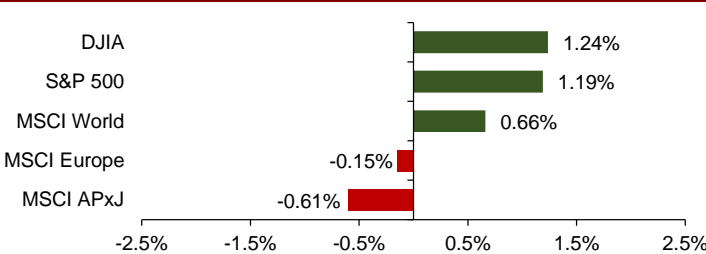
### Philippine peso

- ✓ The **Philippine Peso** weakened on bets that the BSP will no longer deliver a rate hike in its next policy meeting. The USD/PHP pair closed at 56.20 (+0.30% DoD).

## OVERSEAS MARKETS

Global equities were mixed, US Treasury yields rose, and the US dollar strengthened amid continued concerns on the US debt ceiling and while also weighing corporate & economic releases.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0480	5.2380	5 years	+0.0600	3.5870
6 months	+0.0350	5.2660	10 years	+0.0290	3.5700
2 years	+0.0720	4.1600	30 years	+0.0020	3.8580

- ✓ **US equities** rose as investors grew hopeful that the debt ceiling negotiation could reach a deal by the end of the week after House Speaker Kevin McCarthy said that a better process is in place for further discussion. The S&P 500 closed at 4,158.77 (+1.19% DoD) and the DJIA closed at 33,420.77 (+1.24% DoD).
- ✓ **Asian equities** were mixed as investors digested the latest economic data from the region. Home prices in China missed expectations and fell 0.2% YoY while the International Monetary Fund (IMF) said that the Singapore's growth momentum had been slowing down. The MSCI APxJ closed at 510.94 (-0.61% DoD).
- ✓ **European equities** fell as continued concerns on the US debt ceiling and downbeat wave of corporate updates. The MSCI Europe closed at 155.97 (-0.15% DoD).
- ✓ **US Treasury yields** rose further amid the ongoing US debt ceiling standoff. On average, yields went up by 2.82 bps, with the 2Y closing at 4.16% (+7.20 bps) and the 10Y closing at 3.57% (+2.90 bps).
- ✓ The **US Dollar** rose as investors monitored the US debt ceiling negotiations. Hawkish comments from the Fed also helped strengthen the dollar. The DXY closed at 102.88 (+0.31% DoD).

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