

May 23, 2023

LOCAL MARKETS

Local equities fell amid profit-taking. Meanwhile, local fixed income yields rose, and the Philippine Peso weakened as investors monitored the progress of the US debt ceiling talks.

Key Events

- ✓ **Fitch Ratings** upgraded its outlook on the Philippines to stable from negative, keeping its investment grade rating at BBB. Improved confidence mainly stemmed from Fitch's 6% real GDP growth forecast over the medium term following the country's reopening and declining government's debt-to-GDP ratio.
- ✓ **Manila Electric Company (PSE Ticker: MER)** commissioned its new 115 kilovolt (kV) – 34.5 kV substation located in Calamba City, Laguna. The company disclosed that the facility will relieve the neighboring Calamba substation and boost available capacity that will benefit customers in the city and some portions of the cities of Tanauan and Sto. Tomas in Batangas.

Equities

- ✓ **Local equities** fell as investors pocketed gains while waiting for the progress of the US debt ceiling negotiations and fresh leads. The PSEi closed at 6,620.83 (-0.66% DoD).

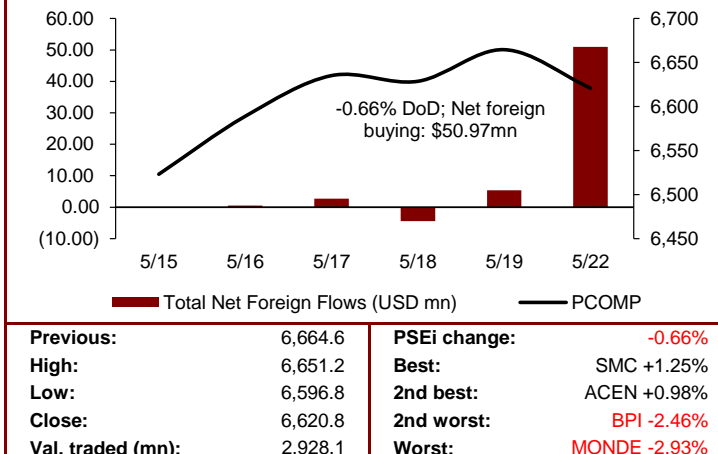
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0683	5.7662	5 years	+0.0030	5.6786
6 months	+0.0273	5.8503	7 years	+0.0038	5.6533
1 year	-0.0267	5.8795	10 years	-0.0004	5.6805
2 years	-0.0055	5.9459	20 years	-0.0066	5.7837
3 years	+0.0066	5.8027	30 years	+0.0240	5.8646
4 years	+0.0046	5.7277			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD*	55.670	55.820	EUR/USD	1.0805	1.0813

PSEi Snapshot



Fixed Income

- ✓ **Local fixed income yields** rose as investors tracked news regarding the US debt ceiling talks and digested Fitch Ratings' upgraded outlook on the Philippines. On average, yields increased by 0.89 bps, led by the short end of the curve which went up by 1.40 bps.

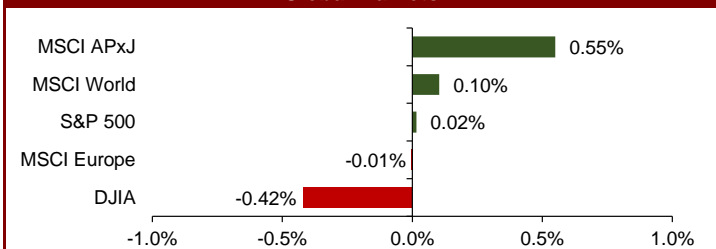
Philippine peso

- ✓ The **Philippine Peso** weakened amid negative sentiment over the lack of progress from the US debt ceiling negotiations. The USD/PHP pair closed at 55.82 (+0.27% DoD).

OVERSEAS MARKETS

Global equities were mixed, US Treasury yields rose, and the US Dollar was flat amid continued negotiations on the US debt ceiling and modestly hawkish remarks from US Fed officials.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0010	5.2660	5 years	+0.0300	3.7640
6 months	-0.0270	5.3240	10 years	+0.0430	3.7210
2 years	+0.0520	4.3220	30 years	+0.0360	3.9680

- ✓ **US equities** were mixed as investors stayed cautious amid worries surrounding the US debt ceiling negotiation. The S&P 500 closed at 4,192.63 (+0.02% DoD) and the DJIA closed at 33,286.58 (-0.42% DoD).
- ✓ **Asian equities** gained as Chinese tech stocks rose after China banned purchases of memory chips from US's Micron Technology, and investors bargain-bought undervalued names amid upbeat corporate earnings results. The MSCI APxJ closed at 516.14 (+0.55% DoD).
- ✓ **European equities** were muted as US debt ceiling concerns continued to linger. The MSCI Europe closed at 157.62 (-0.01% DoD).
- ✓ **US Treasury yields** rose as investors continued to focus on the ongoing debt ceiling talks and modestly hawkish remarks from Fed officials. On average, yields went up by 3.59 bps, with the 2Y closing at 4.32% (+5.20 bps) and the 10Y closing at 3.72% (+4.30 bps).
- ✓ The **US Dollar** was flat as investors remained cautious over the debt ceiling negotiations. The DXY closed at 103.20 (0.00% DoD).

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