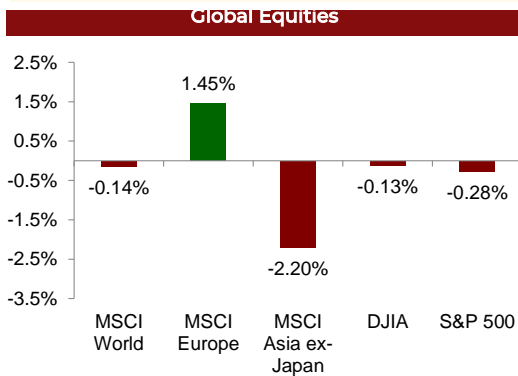


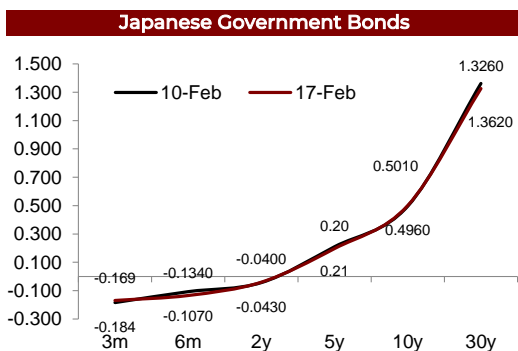
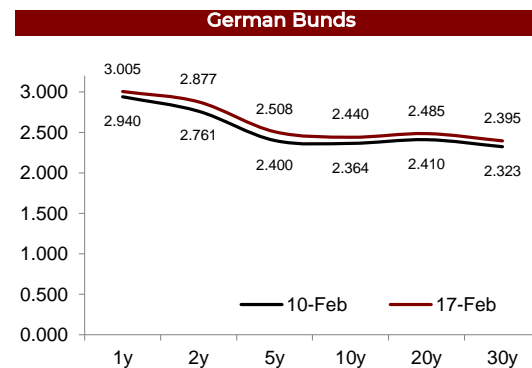
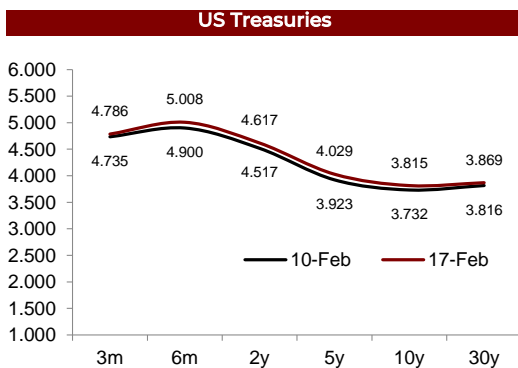
THE WEEKLY REVIEW

February 20, 2023

Global equities and global yields were mixed as investors digested the fresh batch of economic data releases and hawkish remarks from major central bank officials. Global oil prices fell amid worries that further rate hikes from the Fed would dampen demand.



- ✓ **US equities** fell as expectations of more rate hikes from the US Federal Reserve increased following the release of the higher-than-expected US inflation data. The January Consumer Price Index (CPI) rose by 6.4% YoY (vs. consensus expectations of 6.2% YoY). The DJIA closed at 33,826.69 (-0.13% WoW), while the S&P 500 closed at 4,079.09 (-0.28% WoW).
- ✓ **Asian equities** declined on rate hike fears following higher-than-expected inflation in the United States and hawkish comments from Fed officials. The MSCI APxJ closed at 529.76 (-2.20% WoW).
- ✓ **European equities** rose as investors digested the Eurozone seasonally-adjusted GDP data which grew by 0.10% QoQ in 4Q22, upbeat corporate earnings, and lower-than-expected UK CPI print. The MSCI Europe closed at 155.87 (+1.45% WoW).



- ✓ **US Treasury yields** rose as investors weighed the latest CPI, producer price index (PPI), US retail sales data, and hawkish remarks from Fed officials. On average, yields rose by 8.37 bps WoW with the 10Y closing at 3.81% (+8.28 bps).
- ✓ **German bund yields** climbed amid hawkish comments from European Central Bank (ECB) officials. Central Bank of Ireland Gov. Makhlouf said that interest rates may go above 3.5% to bring inflation back to target. On average, yields rose by 8.53 bps WoW with the 10Y closing at 2.44% (+7.60 bps).
- ✓ **Japanese bond yields** were mixed but fell on average amid expectations that the new Bank of Japan Governor Kazuo Ueda will maintain the current negative rates for now. On average, yields went down by 0.88 bps WoW with the 10Y closing at 0.50% (+0.50 bps).
- ✓ **Key events that transpired during the week:**
- ✓ **According to the US Bureau of Labor Statistics, US Consumer Price Index (CPI) rose by 6.4% YoY and 0.5% MoM in January** as food, energy, and shelter prices remain high.
- ✓ **Germany's producer prices for industrial products rose 17.8% YoY in January**, slower than 21.6% YoY in December 2022 - suggesting that inflation might be starting to cool off. Meanwhile, **Eurozone industrial production fell by 1.1% in Dec**, lower than consensus expectations of -0.7%

- ✓ **Global oil prices** fell as traders worried that future interest rate hikes in the US would dampen demand. This was also amid growing signs of ample crude and fuel supply. Brent oil closed at \$83.00 per barrel (-3.92% WoW), while WTI crude closed at \$76.34 per barrel (-4.24% WoW).

Commodities

\$bbl	17-Feb-2023	% Change
Brent	83.00	-3.92%
WTI	76.34	-4.24%
BBG Commodity index	106.53	-1.97%

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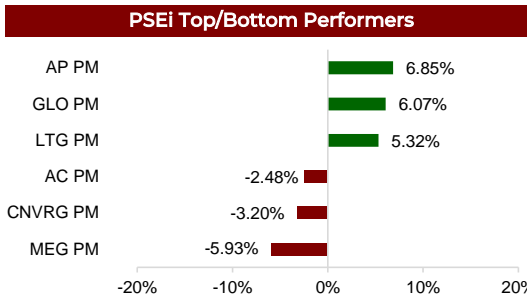
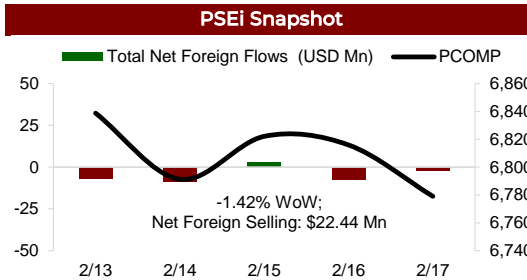
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THE WEEKLY REVIEW

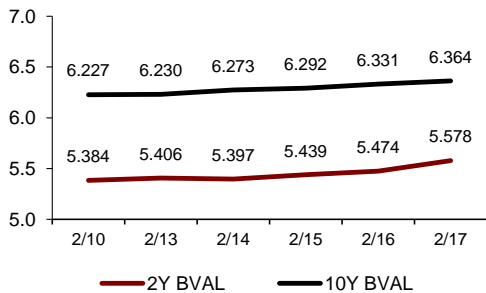
February 20, 2023

Local equities fell and local fixed income yields rose as the BSP hiked its key policy rate by 50-bps. The Philippine peso weakened on fears of futher rate hikes from the Fed.

- ✓ **Local equities** declined as investors digested the Bangko Sentral ng Pilipinas' (BSP) decision to raise its policy rate and the higher-than-expected January local and US inflation data. Hawkish remarks from the BSP and US Federal Reserve also weakened investors' sentiment. The PSEi closed at 6,779.02 (-1.42% WoW).
- ✓ Top performers were Aboitiz Power Corporation (PSE Ticker: AP; +6.85%), Globe Telecom, Inc. (GLO; +6.07%), and LT Group, Inc. (LTG; +5.32%). Meanwhile, Ayala Corporation (PSE Ticker: AC; -2.48%), Converge Information and Communications Technology Solutions, Inc. (CNVRG; -3.20%), and Megaworld Corporation (MEG; -5.93%) were the laggards of the week.
- ✓ **Key events that transpired during the week:**
- ✓ **Globe Telecom Inc's (PSE Ticker: GLO)** GCash secured BSP approval to offer its financial technology services abroad even for users without a Philippine SIM. The pilot run of GCash Overseas would be made in Australia, Italy, and Japan for the first 1,000 users with an international SIM.
- ✓ The Philippine government intends to sell its 3.46% stake in **Metro Pacific Investments Corp's (PSE Ticker: MPI) subsidiary NLEX Corp** as it searches for potential sources of funds for the proposed sovereign wealth fund. The Privatization Management Office is rebidding a Php2-million contract for consulting services to value the national government's 649,198 shares in NLEX Corp.



Local Bond Market Movements



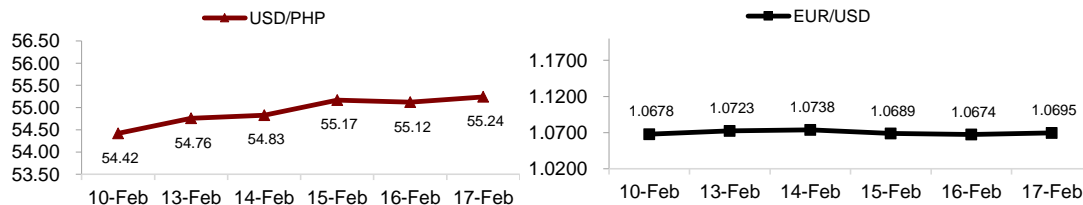
- ✓ The **Philippine peso** weakened amid fears over growing expectations of further rate hikes from the Fed following the stronger-than-expected inflation print. The USD/PHP pair closed at 55.24 (+1.51% WoW).
- ✓ The **Euro** slightly strengthened following the release of Eurozone GDP growth data which showed a slight expansion in 4Q22. Investors also digested hawkish remarks from European Central Bank (ECB) officials amid persistent inflationary pressures. The EUR/USD pair closed at 1.07 (+0.16% WoW).

- ✓ **Local fixed income yields** climbed after the BSP raised the policy rate by 50-bps and upwardly revised its 2023 and 2024 inflation projections to 6.1% and 3.1%, respectively. Yields also rose after the January US inflation data surprised to the upside. On average, yields went up by 9.29 bps WoW with the 10Y closing at 6.36% (+13.63 bps).
- ✓ **Key events that happened during the week:**
- ✓ **The Bangko Sentral ng Pilipinas (BSP) raised interest rates from 5.5% to 6.0%** during its Monetary Board meeting on Thursday. The 50-bps hike brought the policy rate to its highest level in 16 years when it stood at 7.5% in May 2007.
- ✓ **The Bangko Sentral ng Pilipinas (BSP) reported that cash remittances from Overseas Filipino Workers hit a record high of \$32.54 billion in FY2022.** This was 3.6% higher than the \$31.42 billion in FY2021 but below the central bank's 4% estimate.

Foreign Exchange

Pair	Previous Close 02/10/23	Closing 02/17/23
USD/PHP	54.420	55.240
EUR/USD	1.0678	1.0695

Foreign Exchange



Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones, The Wall Street Journal, CNBC

