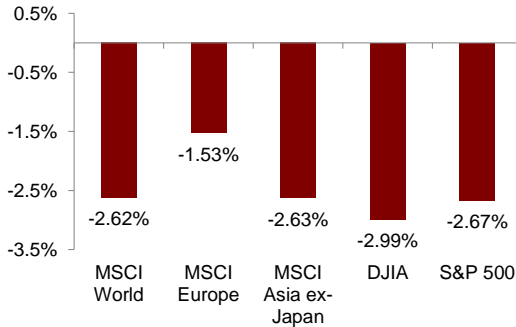


# THE WEEKLY REVIEW

February 27, 2023

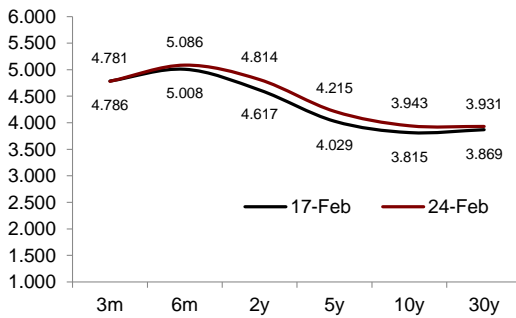
Global equities declined as the higher-than-expected US PCE data, fears of further rate hikes, and rising geopolitical tensions dampened overall market sentiment. Global yields rose as investors continued to assess monetary policy expectations. Meanwhile, global oil prices ended flat amid mixed developments on crude oil supply.

## Global Equities

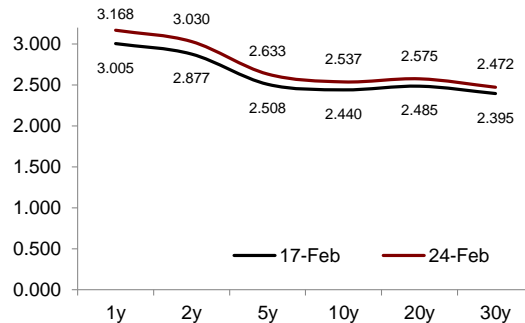


- ✓ **US equities** fell as investors digested the higher-than-expected Personal Consumption Expenditures Price (PCE) Index in January which added to worries that the US Fed will keep policy rates higher for longer. Core PCE, which is the US Fed's preferred inflation measure that excludes food and energy prices, rose 0.6% MoM and 4.7% YoY in January (vs. consensus expectations of 0.4% MoM and 4.3% YoY). The S&P 500 closed at 3,970.04 (-2.67% WoW) and the DJIA closed at 32,816.92 (-2.99% WoW).
- ✓ **Asian equities** fell as rising geopolitical tensions and fears of a global economic slowdown amid the rising interest rate environment clouded sentiment. China and Hong Kong equities closed lower as Sino-US tension sparked a sell-off in the market. The MSCI APX closed at 515.83 (-2.63% WoW).
- ✓ **European equities** closed lower as investors assessed the global economic outlook and digested the US Federal Reserve's latest minutes of the meeting which showed that its interest rate hikes are far from over. The German GDP print which dropped by 0.4% in 4Q22 also weighed on market sentiment. The MSCI Europe closed at 153.49 (-1.53% WoW).

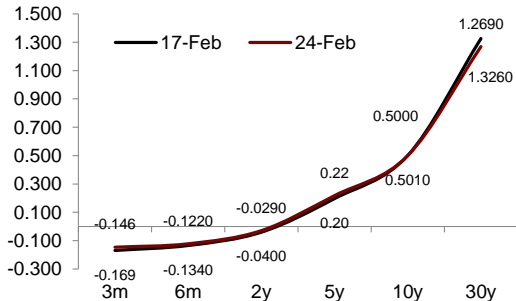
## US Treasuries



## German Bunds



## Japanese Government Bonds



- ✓ **US Treasury yields** rose as investors digested the Fed's latest minutes of the meeting and the higher-than-expected US PCE index in January. On average, yields rose by 10.77 bps WoW with the 10Y closing at 3.94% (+12.84 bps).
- ✓ **German bund yields** climbed after ECB official Nagel commented that the ECB may still need to raise rates beyond March if inflation remains elevated. On average, yields rose by 11.75 bps WoW with the 10Y closing at 2.54% (+9.70 bps).
- ✓ **Japanese bond yields** were mixed but rose on average as investors digested the higher-than-expected US inflation data and the Bank of Japan (BOJ) Governor Kazuo Ueda's comment that the BOJ must keep interest rates at ultra-low in order to support the country's fragile economy. On average, yields went up by 0.15 bps WoW with the 10Y closing at 0.50% (-0.10 bps).
- ✓ **Key events that transpired during the week:**
- ✓ **The US Bureau of Economic Analysis reported that 4Q annualized GDP was revised downward to 2.7% from initially 2.9%.** The deceleration in spending reflects an upward revision in the personal consumption expenditures price index to 3.7% from 3.2%.
- ✓ **Eurozone composite PMI improved from 50.3 in Jan to 52.3 in Feb,** beating consensus expectation of 50.7 amid improved confidence as inflation shows signs of peaking. Manufacturing PMI is still in the contractionary territory at 48.5, while services PMI rose to 53.0.

- ✓ **Global oil prices** closed flat as investors weighed the increase in US inventories and the expected cut in Russian supply. US inventories rose by 7.6 million barrels to 479 million barrels in the week ending Feb 17, while Russia plans to cut 25% of its oil exports from its western ports. Brent oil closed at \$83.16 per barrel (+0.19% WoW), while WTI crude closed at \$76.32 per barrel (-0.03% WoW).

## Commodities

\$bbl	24-Feb-2023	% Change
Brent	83.16	0.19%
WTI	76.32	-0.03%
BBG Commodity index	105.55	-0.92%

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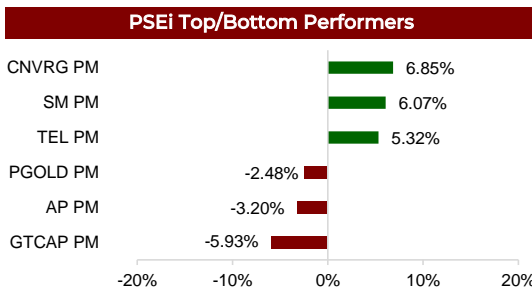
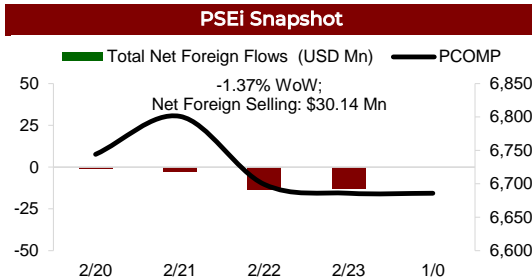
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# THE WEEKLY REVIEW

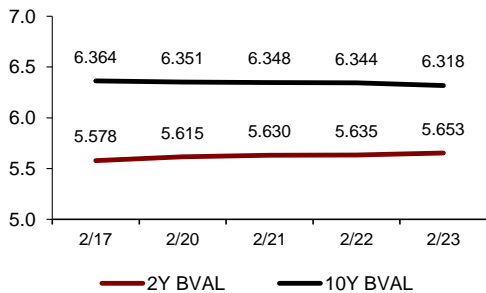
February 27, 2023

Local equities fell, local fixed income yields were mixed, and the Philippine peso weakened as investors weighed expectations of further rate hikes from central banks.

- ✓ **Local equities** continued to decline as investors digested the US Federal Reserve's latest minutes of the meeting. Market sentiment also remained weak following the Bangko Sentral ng Pilipinas' (BSP) hints of further policy rate hikes amid the elevated local inflation. The PSEi closed on Thursday at 6,685.90 (-1.37% WoW).
- ✓ Top performers were Converge Information and Communications Technology Solutions, Inc. (PSE Ticker: CNVRG; +6.85%), SM Investments Corporation (SM; +6.07%), and PLDT Inc. (TEL; +5.32%). Meanwhile, Puregold Price Club, Inc. (PSE Ticker: PGOLD; -2.48%), Aboitiz Power Corporation (AP; -3.20%), and GT Capital Holdings, Inc. (GTCAP; -5.93%) were the laggards of the week.
- ✓ **Key events that transpired during the week:**
- ✓ **PLDT Inc. (PSE Ticker: TEL)** is targeting to exceed 1,000 terabits of international capacity by 2027 through investing in subsea cables that will help meet the demand for international network capacity and improve the online experience of customers. PLDT is on track to reach 100-terabit capacity by end-2023.
- ✓ **Ayala Land Inc.'s (PSE Ticker: ALI)** earnings rose 52% year-on-year to Php18.6 billion in 2022, ahead of the Php17.4 billion consensus estimate. The increase was driven by higher revenues from its hotels and resorts, commercial leasing, and property development businesses



## Local Bond Market Movements

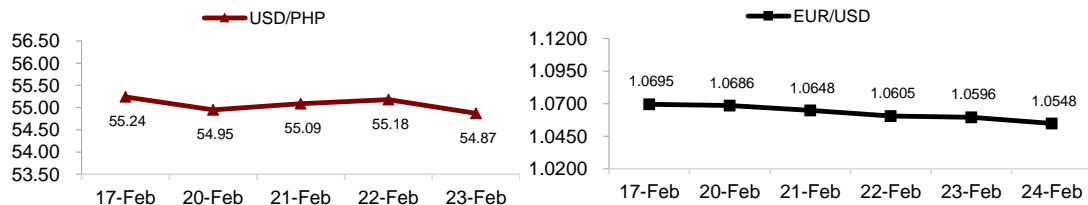


- ✓ **Local fixed income yields** were mixed but climbed on average as investors continued to weigh policy cues from the BSP and the Fed. The BSP also held a term deposit facility auction where bids reached Php324.79 billion versus the Php280 billion on the auction block. On average, yields went up by 3.43 bps WoW with the 10Y closing at 6.32% (-4.57 bps).
- ✓ **Key events that happened during the week:**
- ✓ **The Bangko Sentral ng Pilipinas (BSP)** reported that the country recorded a **Balance of Payments (BoP) surplus of \$3.08 billion in January 2023**. This was the largest BoP surplus since the \$4.24 billion surplus posted in December 2020, and following the \$102 million deficit recorded in January 2022. The BoP surplus was on the back of the proceeds from the Philippine government's issuance in the offshore debt market.
- ✓ **The Philippine Statistics Authority (PSA)** reported that the **Producer Price Index (PPI) for agriculture posted an annual growth rate of 15.2% in 3Q22**. This was higher than the 13.1% recorded in 2Q22 and 10% in 3Q21. The 3Q22 PPI brought the average growth rate of PPP for agriculture to 11.4%. The increase in the prices of agricultural goods was on the back of the growth recorded in crops, livestock, and poultry.
- ✓ The **Philippine peso** strengthened as the Bangko Sentral ng Pilipinas signalled more rate hikes to tame inflation. The USD/PHP pair closed at 54.87 (-0.67% WoW).
- ✓ The **Euro** weakened as the US Dollar strengthened after the higher-than-expected US PCE data raised expectations of further tightening from the Fed. The EUR/USD pair closed at 1.05 (-1.37% WoW).

## Foreign Exchange

Pair	Previous Close	Current Rate
USD/PHP	55.240	54.870
EUR/USD	1.0695	1.0548

## Foreign Exchange



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

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