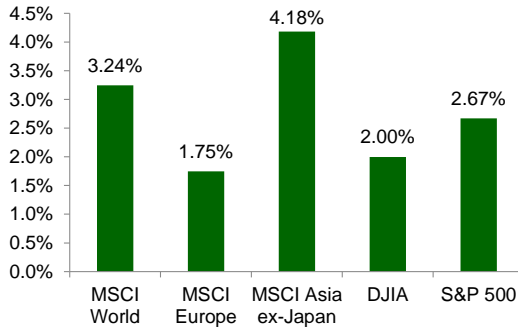


THE WEEKLY REVIEW

January 16, 2023

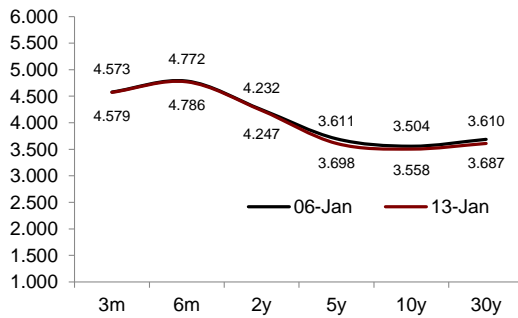
Global equities gained and global yields were mixed as investors digested key US economic data releases, corporate earnings results, and monetary policy expectations. Global oil prices rose on improved economic outlook and fears about the impact of sanctions on Russian crude oil.

Global Equities

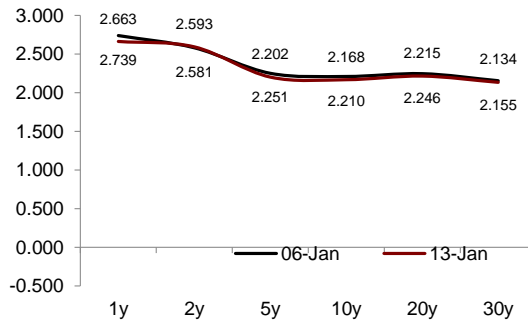


- ✓ **US equities** rose as investors weighed corporate earnings results and key inflation data release. US December inflation came in at 6.5% YoY, in-line with market expectations. The DJIA closed at 34,302.61 (+2.00% WoW), while the S&P 500 closed at 3,999.09 (+2.67% WoW).
- ✓ **Asian equities** rose as market sentiment improved amid hopes of a strong China economic recovery and easing US inflation which raised bets of a potential slowdown in interest rate hikes. The MSCI APxJ closed at 544.26 (+4.18% WoW).
- ✓ **European equities** rose amid further reopening of the Chinese economy and cooling inflation in the US. The MSCI Europe closed at 151.86 (+1.75% WoW).

US Treasuries

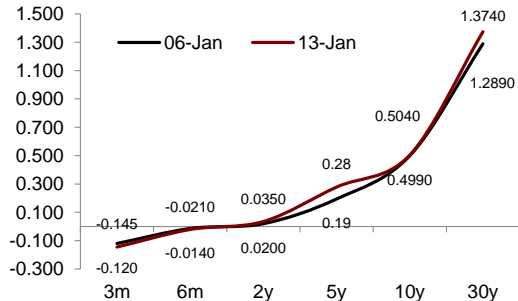


German Bunds



- ✓ **US Treasury yields** fell following the release of the US CPI data and increasing bets of slower rate hikes ahead amid easing inflationary pressures. On average, yields dropped by 4.23 bps WoW with the 10Y at 3.50% (-5.45 bps).
- ✓ **German bund yields** declined as investors digested the latest US CPI data. On average, yields fell by 3.45 bps WoW with the 10Y closing at 2.17% (-4.20 bps).
- ✓ **Japanese bond yields** rose amid speculations that the Bank of Japan might raise the 10-year yield target band further. This was after Tokyo core consumer prices rose faster-than-expected by 4.0% in December, double the central bank's 2% target. On average, yields went up by 1.44 bps WoW with the 10Y closing at 0.50% (+0.50 bps).
- ✓ **Key events that transpired during the week:**
- ✓ **The US Bureau of Labor Statistics reported that inflation cooled down to 6.5% in December from 7.1% the month prior.** Food inflation continued to be the main driver and rose by 10.4%. Meanwhile, energy and the rest of the basket went up by 7.3% and 5.7%, respectively.
- ✓ According to Eurostat, **Eurozone industrial production rose to 1% in November after falling by 1.9% in the previous month.** The growth was largely driven by production of capital goods.

Japanese Government Bonds



- ✓ **Global oil prices** rose as optimism on improved economic outlook and concerns about the impact of sanctions on Russian crude output outweighed a massive surprise build in US crude stocks. Brent oil closed at \$85.28 per barrel (8.54% WoW), while WTI crude closed at \$79.86 per barrel (8.26% WoW).

Commodities

\$bbl	13-Jan-2023	% Change
Brent	85.28	8.54%
WTI	79.86	8.26%
BBG Commodity index	111.58	3.21%

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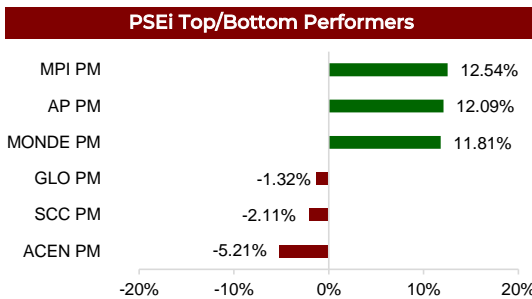
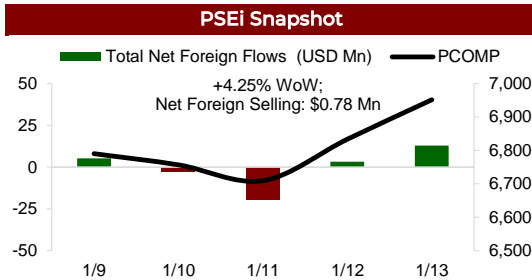
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THE WEEKLY REVIEW

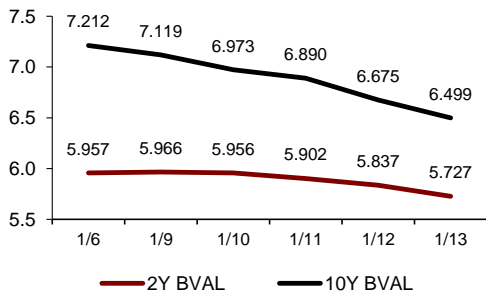
January 16, 2023

Local equities rose, local fixed income yields fell, and the Philippine peso strengthened on easing US inflation.

- ✓ **Local equities** rose as investors focused on the release of the US CPI and increasing expectations of a slower pace of US Fed rate hikes ahead. The PSEi finished at 6,951.54 (+2.38% WoW).
- ✓ Top performers were Metro Pacific Investments Corporation (PSE Ticker: MPI; +12.54%), Aboitiz Power Corporation (AP; +12.09%), and Monde Nissin Corporation (MONDE; +11.81%). Meanwhile, Globe Telecom, Inc. (GLO; -1.32%), Semirara Mining and Power Corporation (SCC; -2.11%), and ACEN Corporation (ACEN; -5.21%) were the laggards of the week.
- ✓ **Key events that transpired during the week:**
- ✓ **Ayala Land Inc. (PSE Ticker: ALI)** trimmed down the recipient projects in its reinvestment plans from the AREIT deal from 7 to 6 projects. The projects removed were land acquisitions of the Quezon City and Bulacan properties worth Php290.46 million and Php125.17 million respectively. The proceeds from the sale of the AREIT shares will be used to fund properties in Metro Manila, Batangas, Cavite, and Laguna.
- ✓ **Megawide Construction Corp. (PSE Ticker: MWIDE)** is looking to raise Php1.5 billion via preferred shares issuance to redeem its Series 2A preferred share due on May 27, 2023. The offer period is targeted for March 13 to 21, 2023 with the tentative listing date on March 31, 2023.



Local Bond Market Movements



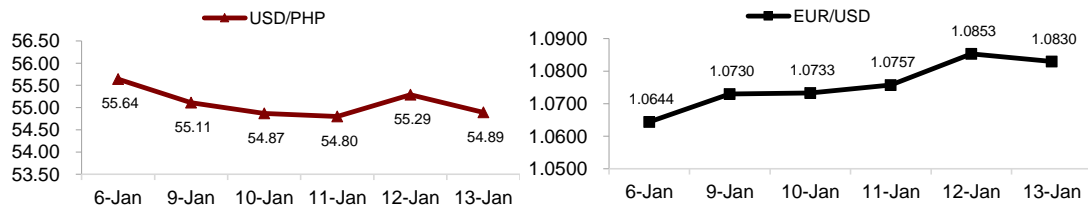
- ✓ The **Philippine peso** strengthened as investors digested the easing US CPI and upbeat local economic data releases. Philippines' foreign direct investments rose to a six-month high in October, while gross international reserves rose to \$96 billion in December. The USD/PHP pair closed at 54.89% (-1.35% WoW).
- ✓ The **Euro** strengthened against the US Dollar as signs of abating US inflation prompts bets of a slower Fed rate hike path. The currency was also boosted by improved market sentiment amid tumbling energy prices and China's economic reopening. The EUR/USD pair closed at 1.08 (+1.75% WoW).

- ✓ **Local fixed income yields** fell as investors digested the easing US inflation data and weighed the BSP's plan to reduce the required reserve requirement ratio (RRR) of banks to single digit level by 2023. On average, yields fell by 21.44 bps WoW with the 10Y closing at 6.50 (-71.27 bps).
- ✓ **Key events that happened during the week:**
- ✓ **The Philippine government is turning to the international market as it seeks to raise \$1.5 billion in sustainability bonds.** The bonds will come in 3 tranches and will consist of 5-year, 10.5-year, and 25-year tenors with at least \$500 million each. The proceeds will be used for general financing and the financing of assets under the Philippine government's sustainability framework
- ✓ **The World Bank is forecasting Philippine growth to decelerate to 5.4% in 2023, from a forecasted 7.2% in 2022.** The 2023 projection was downgraded from the initial forecast of 5.6% released last June. The multilateral lender attributed the slowdown in growth to lower exports to major markets as they grapple with high inflation and interest rates.

Foreign Exchange

Pair	Previous Close 01/06/23	01/13/23
USD/PHP	55.640	54.890
EUR/USD	1.0644	1.0830

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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