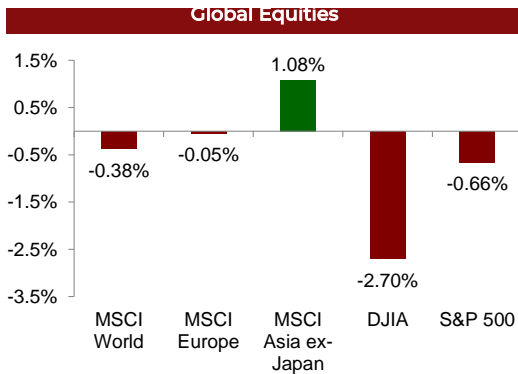


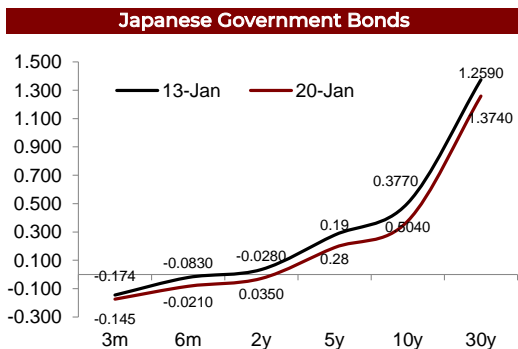
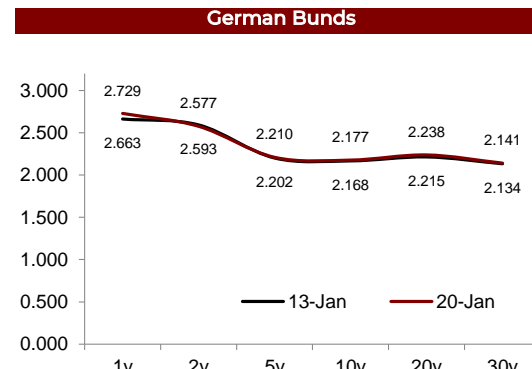
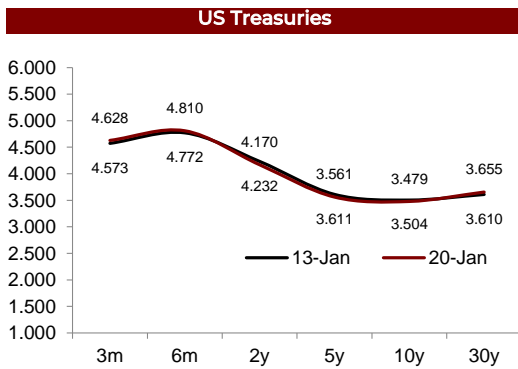
# THE WEEKLY REVIEW

January 23, 2023

Global equities and global yields were mixed as investors digested a mixed bag of corporate earnings results, monetary policy expectations from major central banks, and economic data releases. Global oil prices rose amid recovering Chinese demand.



- ✓ **US equities** declined as investors weighed a mixed bag of corporate earnings results and worries amid potential further Fed rate hikes due to a strong labor market data. Weekly jobless claims fell to 190,000, better than consensus forecast of 214,000. The DJIA closed at 33,375.49 (-2.70% WoW), while the S&P 500 closed at 3,972.61 (-0.66% WoW).
- ✓ **Asian equities** rallied after the People's Bank of China injected more liquidity into the banking system. However, gains were tempered by negative sentiment over the weak retail sales data in China and investors' cautiousness as markets await the Bank of Japan's next policy move. The MSCI APxJ closed at 550.16 (+1.08% WoW).
- ✓ **European equities** declined as the European Central Bank (ECB) said it will continue to hike aggressively. The MSCI Europe closed at 151.78 (-0.05% WoW).



- ✓ **US Treasury yields** were mixed but marginally rose as investors assessed mixed economic data. The US Labor Department reported that initial jobless claims for the week ended Jan.14 rose by 190k, lower than the previous 205k reported on the prior week. Meanwhile, US retail sales data fell by 1.1% in December. On average, yields rose by 0.02 bps WoW with the 10Y closing at 3.48% (-2.48 bps).
- ✓ **German bund yields** rose on rate hike expectations amid hawkish commentary from ECB officials. ECB President Lagarde expressed concerns over the impact of China's reopening to global prices which may require continued monetary tightening. On average, yields rose by 1.62 bps WoW with the 10Y closing at 2.18% (+0.90 bps).
- ✓ **Japanese bond yields** fell after the Bank of Japan surprised markets by keeping its dovish policy and yield curve control band unchanged. On average, yields went down by 8.07 bps WoW with the 10Y closing at 0.38% (-12.70 bps).
- ✓ **Key events that transpired during the week:**
- ✓ **The US Department of Labor reported that initial jobless claims fell to 190,000 in Jan 14 from 205,000 the previous week.** This was below consensus expectations of 214,000.
- ✓ **Eurozone inflation decelerated for the second consecutive month at 9.2% in December,** largely driven by falling energy prices.

- ✓ **Global oil prices** rose due to optimism amid recovering Chinese demand. Chinese oil demand climbed nearly 1 million barrels per day from the previous month, the highest since February. Brent oil closed at \$87.63 per barrel (+2.76% WoW), while WTI crude closed at \$81.31 per barrel (+1.82% WoW).

### Commodities

\$bbl	20-Jan-2023	% Change
Brent	87.63	2.76%
WTI	81.31	1.82%
BBG Commodity index	112.13	0.49%

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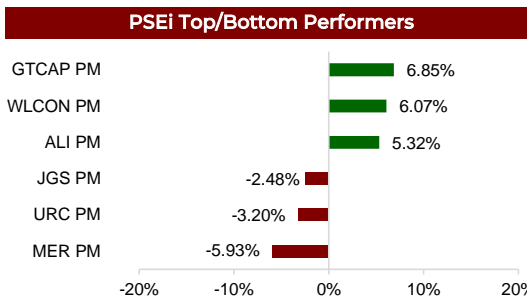
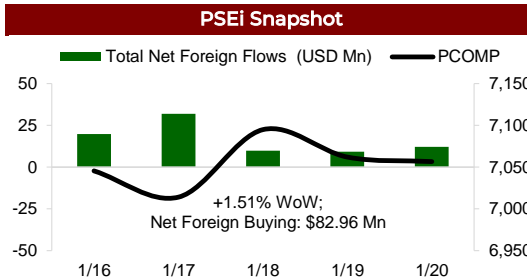
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# THE WEEKLY REVIEW

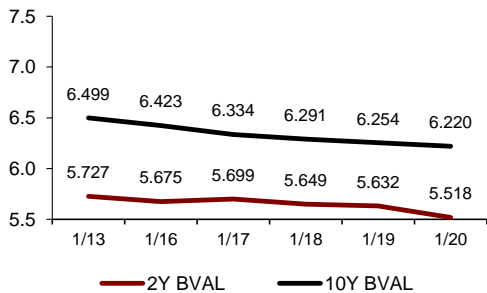
January 23, 2023

**Local equities rose on optimism ahead of the 4Q22 Philippine GDP data release. Local fixed income yields declined on slower rate hike expectations from the Fed. The Philippine peso strengthened on positive remittances data.**

- ✓ **Local equities** gained, breaching the 7,000 level and rising to a 9-month high, amid positive sentiment on the stronger peso. This was also after Finance Secretary Diokno stated that 2022 Philippine economy might expand higher than the government's target of 6.5%-7.5%. The PSEi finished at 7,056.62 (+1.51% WoW).
- ✓ Top performers were GT Capital Holdings, Inc. (PSE Ticker: GTCAP; +6.85%), Wilcon Depot, Inc. (WLCON; +6.07%), and Ayala Land, Inc. (ALI; +5.32%). Meanwhile, JG Summit Holdings, Inc. (PSE Ticker: JGS; -2.48%), Universal Robina Corporation (URC; -3.20%), and Manila Electric Company (MER; -5.93%) were the laggards of the week.
- ✓ **Key events that transpired during the week:**
- ✓ **Converge ICT Solutions Inc (PSE Ticker: CNVRG)** will allot Php3 billion for infrastructure projects this year. This came after the company saved Php2.64 billion from the Php9.85 billion net proceeds of its recent bond issuance. For 2023, the company is also looking to reduce its capex to below the 2022 guidance of Php21 billion to Php23 billion.
- ✓ **ACEN Corp. (PSE Ticker: ACEN)**, along with its partner BM Group, secured a \$107 million financing package from the Asian Development Bank to finance its 88-megawatt joint venture wind farm project in Vietnam. The wind farm will form part of ACEN's target to expand its renewable energy capacity to 20 gigawatts by 2030.



## Local Bond Market Movements



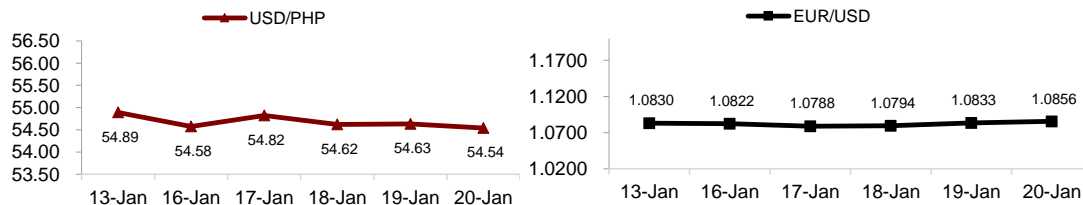
- ✓ The **Philippine peso** strengthened as investors digested the Overseas Filipino Workers (OFW) remittances data which rose to \$2.93 billion in November versus the \$2.77 billion reported in the same period last year. The USD/PHP pair closed at 54.54 (-0.64% WoW).
- ✓ The **Euro** continued to strengthen largely driven by a dollar sell-off on expectations of a slower Fed rate hike path. It was also driven by the ECB's hawkish remarks amid concerns over China's economic reopening. The EUR/USD pair closed at 1.09 (+0.24% WoW).

- ✓ **Local fixed income yields** declined as investors priced in expectations of slower Fed rate hikes amid sluggish US economic data. This also came after the Bureau of the Treasury increased its award for the reissued 20-year treasury bonds to Php49 billion from Php35 billion last week. On average, yields fell by 20.59 bps WoW with the 10Y closing at 6.22% (-27.96 bps).
- ✓ **Key events that happened during the week:**
- ✓ **The Bangko Sentral ng Pilipinas (BSP)** reported that the balance of payments posted a \$612 million surplus in December, bringing the full-year figure to a record \$7.3 billion deficit. The BSP attributed the full-year deficit to the increase in imports amid the rise in international commodity prices and resumption in domestic economic activities.
- ✓ **The Department of Finance secretary Benjamin Diokno expects the Philippines to grow by 6.5% in FY2023 despite the potential global economic slowdown.** He also expects the country to outperform its 6.5-7.5% GDP growth target for 2022. He highlighted that the manufacturing sector, low unemployment levels, and stable banking system will allow the country to withstand global headwinds.

## Foreign Exchange

Pair	Previous Close	01/13/23	01/20/23
USD/PHP	54.890	54.890	54.540
EUR/USD	1.0830	1.0830	1.0856

## Foreign Exchange



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

