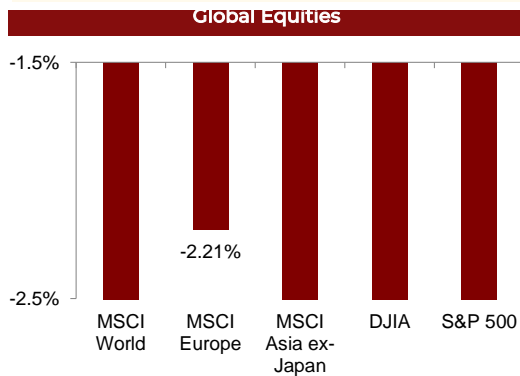


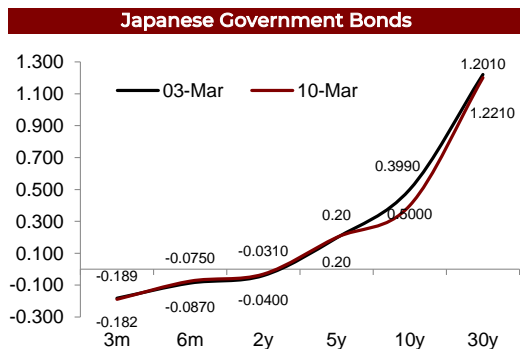
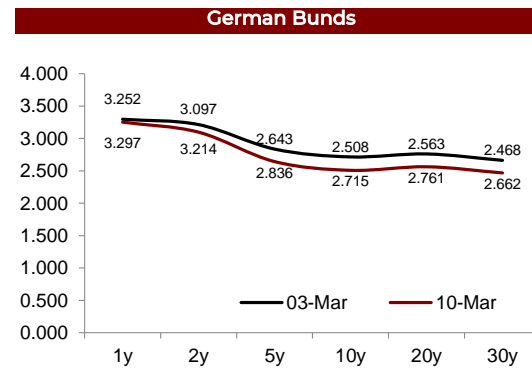
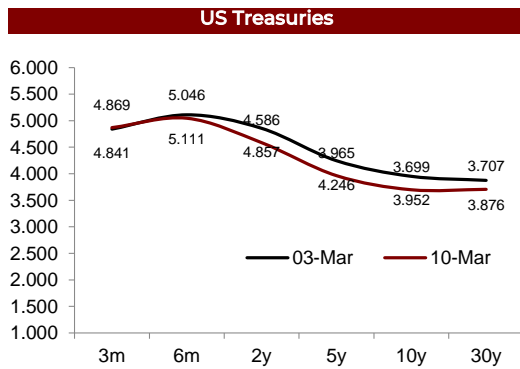
THE WEEKLY REVIEW

March 13, 2023

Global equities and global yields fell as investors digested various economic data releases and the recent shutdown of Silicon Valley Bank.



- ✓ **US equities** fell on broad sell-off of bank and financial stocks following US Federal Reserve Chair Jerome Powell's hawkish remarks, along with the shutdown of Silicon Valley Bank. The S&P 500 closed at 3,861.59 (-4.55% WoW) and the DJIA closed at 31,909.64 (-4.44% WoW).
- ✓ **Asian equities** fell as investors remained on the sidelines ahead of the US jobs data, which is expected to determine the Fed's next policy move. China and Hong Kong equities also fell after President Xi Jinping formalized his third term as China's president. The MSCI APxJ closed at 503.31 (-3.85% WoW).
- ✓ **European equities** fell as investors weighed lingering concerns on US monetary policy following hawkish remarks from US Fed Chairman Powell that interest rates may need to go higher for longer. Investor sentiment also weakened amid concerns over the stability of the US financial sector after the shutdown of Silicon Valley Bank. The MSCI Europe closed at 152.25 (-2.21% WoW).



- ✓ **US Treasury yields** fell on average as investors weighed job data releases, the effect of the Fed's cumulative policy rate hikes, and the shutdown of the Silicon Valley Bank. On average, yields fell by 16.83 bps WoW with the 10Y closing at 3.70% (-25.3 bps).
- ✓ **German bund yields** fell after the sell-off in US bank stocks spurred demand for safer assets. Slower rate hike bets following a European Central Bank (ECB) survey showing inflation expectations receded in January also boosted bond prices. On average, yields fell by 15.90 bps WoW with the 10Y closing at 2.51 (-20.70 bps).
- ✓ **Japanese bond yields** fell after the Bank of Japan kept its ultra-low interest rate policy and held off from making changes to its bond yield control policy. On average, yields went down by 1.73 bps WoW with the 10Y closing at 0.40% (-10.10 bps).
- ✓ **Key events that transpired during the week:**
- ✓ **The US Department of Labor reported that Weekly Jobless Claims rose to 211,000** last week from 190,000 the week prior. This is the highest number of claims so far in 2023.
- ✓ **China's inflation softened to 1% in February**, its slowest pace since the same month in 2022. However, some analysts are not alarmed about its implications of weaker domestic activities as the print is likely a compounded result of seasonality, deep pork downcycle, and the fading of the reopening theme.

- ✓ **Global oil prices** fell as investors feared that a more aggressive US interest rate hikes would pressure economic growth and oil demand, outweighing the larger-than-expected draw in US crude stocks. Brent oil closed at \$82.78 per barrel (-3.55% WoW), while WTI crude closed at \$76.68 per barrel (-3.77% WoW).

Commodities		
\$bbl	10-Mar-2023	% Change
Brent	82.78	-3.55%
WTI	76.68	-3.77%
BBG Commodity index	104.55	-3.47%

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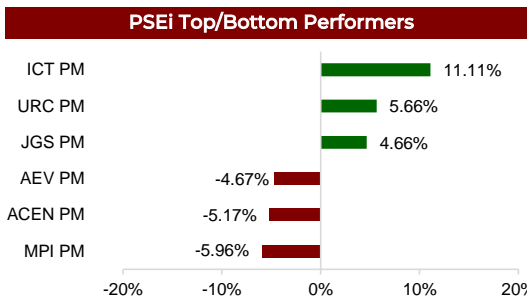
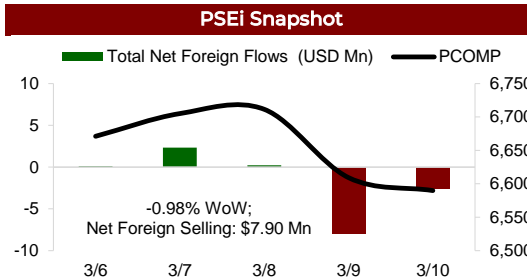
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THE WEEKLY REVIEW

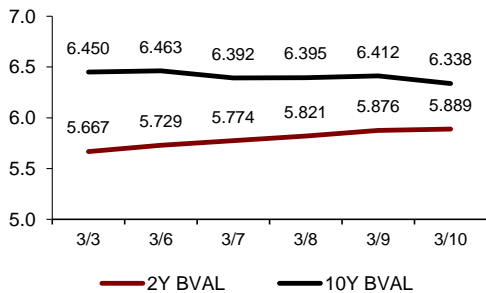
March 13, 2023

Local equities fell, local fixed income yields rose, and the Philippine peso weakened as investors weighed the jobs data releases, corporate earnings, and remarks from central banks.

- ✓ **Local equities** fell on downbeat investor sentiment following the rise in the January local unemployment rate, lackluster quarterly corporate earnings, and hawkish remarks from US Fed Chairman Powell. Investors also digested the February inflation print which slightly eased MoM but still remained elevated. The PSEi closed at 6,589.88 (-0.98% WoW).
- ✓ Top performers were International Container Terminal Services, Inc. (PSE Ticker: ICT; +11.11%), Universal Robina Corporation (URC; +5.66%), and JG Summit Holdings, Inc. (JGS; +4.66%). Meanwhile, Aboitiz Equity Ventures, Inc. (PSE Ticker: AEV; -4.67%), ACEN Corporation (ACEN; -5.17%), and Metro Pacific Investments Corporation (MPI; -5.96%) were the laggards of the week.
- ✓ **Key events that transpired during the week:**
- ✓ **Metro Pacific Investments Corp. (PSE Ticker: MPI)** posted a 15% increase in its consolidated core net income to Php14.2 billion in 2022 as toll road traffic recovered and electricity consumption rose. Core net income of Metro Pacific Tollways Corp, the toll road business, went up by 46%. Meanwhile, core earnings of Manila Electric Co. (PSE Ticker: MER), the power business, gained by 10% due to higher volumes, pass-through generation charges, and energy sales.
- ✓ **Aboitiz Equity Ventures (PSE Ticker: AEV)** posted a 9.2% decline in net income to Php24.8 billion amid the lower contribution from its power business. Aboitiz Power's (PSE Ticker: AP) income contribution to AEV reached Php14.3 billion in 2022. This was lower by 10.6% year-on-year after the unit entered into a partnership with JERA Asia Private Ltd. which reduced AEV's ownership in AP to 52% from 77%.



Local Bond Market Movements

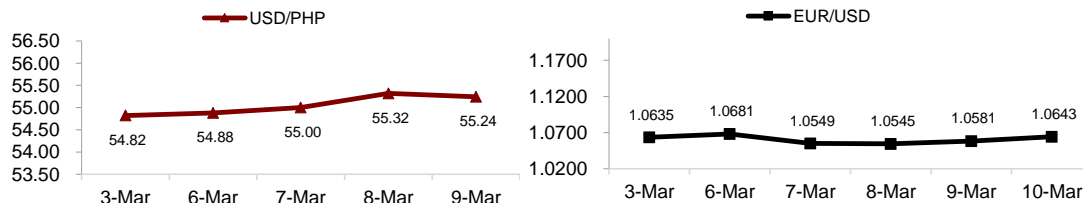


- ✓ The **Philippine peso** weakened amid concerns on the effects of the elevated interest rates to the borrowers' capacity to pay. The USD/PHP pair closed at 55.17 (+0.64% WoW).
- ✓ The **Euro** marginally strengthened as the higher-than-expected February US nonfarm payrolls and unemployment rate may suggest a slower path for policy rate hikes by the US Federal Reserve. The EURUSD pair closed at 1.06 (+0.08% WoW).

- ✓ **Local fixed income yields** were mixed but climbed on average as investors digested hawkish cues from both the Bangko Sentral ng Pilipinas and the US Federal Reserve. However, yields were capped following a slight deceleration in the February headline inflation. On average, yields went up by 5.42 bps WoW with the 10Y closing at 6.34% (-11.21 bps).
- ✓ **Key events that happened during the week:**
- ✓ The **Philippine Statistics Authority (PSA)** reported that **local headline inflation eased for the first time in six months to 8.6% in February** amid the slower pace of rise in transport and food prices. This was lower than the 8.7% print in January and the 8.9% consensus estimate. Meanwhile, core inflation, which excludes volatile food and energy items, further accelerated to a 22-year high of 7.8% in February from 7.4% in January.
- ✓ The **Bangko Sentral ng Pilipinas (BSP)** reported that the country's **Gross International Reserves (GIR) fell from \$100.67 billion in January to \$99.3 billion in February**. This level was equivalent to 7.5 months' worth of import cover. The decline was attributed to the government's foreign currency withdrawals to settle foreign currency debt obligations and pay for various expenditures.

Pair	Previous Close 03/03/23	Closing 03/10/23
USD/PHP	54.820	55.170
EUR/USD	1.0635	1.0643

Foreign Exchange



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

