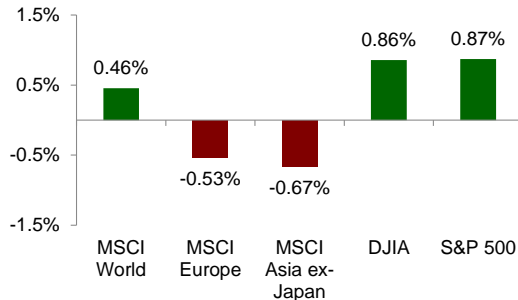


May 2, 2023

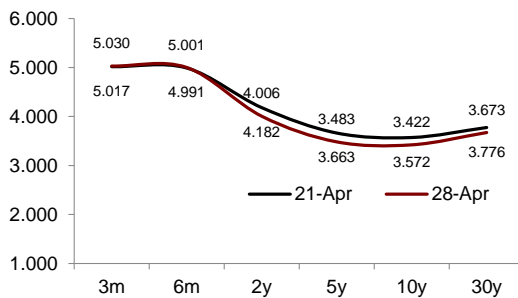
**Global equities were mixed, global yields fell, and global oil prices declined as investors assessed lingering recession fears, renewed banking sector jitters, central bank signals, and corporate earnings results.**

### Global Equities

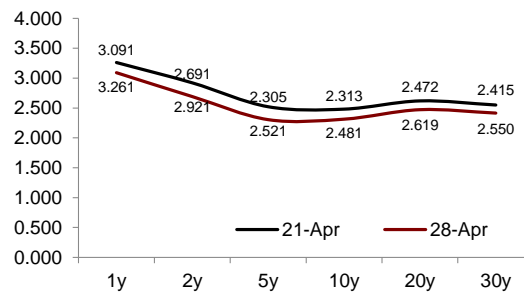


- ✓ **US equities** gained as positive corporate earnings releases and upbeat guidance from other tech giants overshadowed renewed banking sector concerns. The S&P 500 closed at 4,169.48 (+0.87% WoW) and the DJIA closed at 34,098.16 (+0.86% WoW).
- ✓ **Asian equities** fell as investors remained cautious amid renewed banking jitters while keeping an eye on the US Fed policy meeting scheduled this week. The MSCI APxJ closed at 514.57 (-0.67% WoW).
- ✓ **European equities** fell on banking sector jitters, but worries were partly alleviated by positive corporate earnings releases. The MSCI Europe closed at 156.86 (-0.53% WoW).

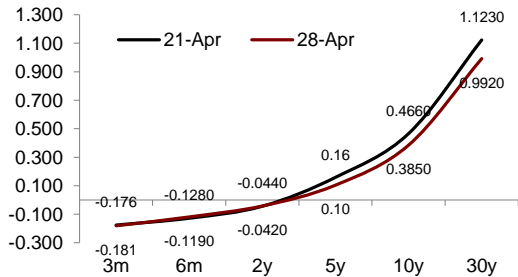
### US Treasuries



### German Bunds



### Japanese Government Bonds



- ✓ **US Treasury yields** declined amid recession fears following renewed concerns on the banking sector, and soft consumer confidence data which fell to a nine-month low in April. On average, yields went down by 9.73 bps WoW with the 10Y closing at 3.42% (-14.98 bps).
- ✓ **German bund yields** fell on expectations that the ECB will be less hawkish in the next policy meeting after preliminary data showed that the bloc's GDP grew below expectation. On average, yields fell by 17.77 bps WoW with the 10Y closing at 2.31% (-16.80 bps).
- ✓ **Japanese bond yields** fell as investors assessed Bank of Japan's decision to keep its policy rates as is and announced plans to conduct review of its easing measures. On average, yields fell by 4.35 bps WoW with the 10Y closing at 0.39% (-8.10 bps).
- ✓ **Key events that transpired during the week:**
- ✓ **The US Bureau of Economic Analysis reported that annualized gross-domestic product for 1Q23 came in at 1.1% (vs cons. 1.9%),** a deceleration from the 2.6% reported in 4Q22, amid a decline in private inventory and nonresidential fixed investments.
- ✓ **The Eurozone's preliminary 1Q23 GDP grew by a modest 0.1% (vs cons. 0.2%),** as Germany's economy ended flattish, offsetting expansions elsewhere in the bloc.

- ✓ **Global oil prices** fell as recession fears overshadowed reports of lower US crude inventories. Brent oil closed at \$79.54 per barrel (-2.60% WoW), while WTI crude closed at \$76.78 per barrel (-1.40% WoW).

### Commodities

\$bbl	28-Apr-2023	% Change
Brent	79.54	-2.60%
WTI	76.78	-1.40%
BBG Commodity index	104.31	-1.20%

[www.bpiassetmanagement.com](http://www.bpiassetmanagement.com)

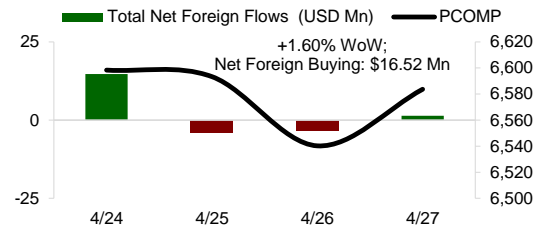


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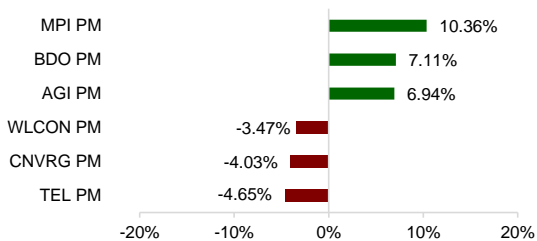
Local equities rose, local fixed income yields went up, and the Philippine peso strengthened as investors assessed another round of corporate earnings and key economic data releases.

- ✓ **Local equities** rose as investors remained optimistic on corporate earnings results. The Development Budget Coordination Committee maintaining its growth targets for the Philippines also helped in improving sentiment. The PSEI closed at 6,583.68 (+0.97% WoW).
- ✓ Top performers were Metro Pacific Investments Corporation (PSE Ticker: MPI; 10.36%), BDO Unibank Inc. (BDO; 7.11%), and Alliance Global Group, Inc. (AGI; 6.94%). Meanwhile, Wilcon Depot, Inc. (PSE Ticker: WLCON; -3.47%), Converge Information and Communications Technology Solutions, Inc. (CNVRG; -4.03%), and PLDT Inc. (TEL; -4.65%) were the laggards of the week.
- ✓ **Key events that transpired during the week:**
- ✓ **SM Prime Holdings Inc. (PSE Ticker: SMPH) is planning to launch its first real estate investment trust (REIT) in 2H2023.** The company expects to raise \$1 billion from the listing while total valuation for the REIT is estimated to be around \$3.5-\$4 billion.
- ✓ **Ayala Land Inc. (PSE Ticker: ALI) plans to spend Php15.2 billion for the initial development of two of its mixed-used estates.** The properties include the 92-hectare Areza estate development in Lipa, Batangas and the 83-hectare Crossroads in Plaridel, Bulacan.

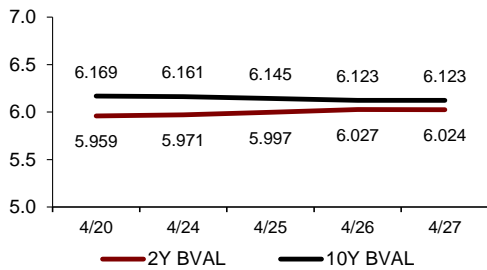
### PSEI Snapshot



### PSEI Top/Bottom Performers



### Local Bond Market Movements



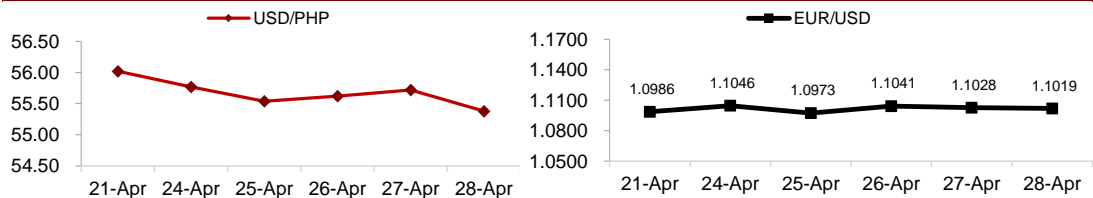
- ✓ The **Philippine peso** strengthened as weak economic data in the US drove recession fears and bets that the US Fed may pause its rate hike cycle. This was also after the BSP announced that it would expand the transactions covered by its Currency Rate Risk Protection Program (CRPP). The USD/PHP pair closed at 55.38 (-1.14% WoW).
- ✓ The **Euro** strengthened against the US Dollar which retreated on downbeat economic data. Accordingly, the market expects the ECB to remain more hawkish relative to the Fed. The EUR/USD pair closed at 1.10 (+0.30% WoW).

- ✓ **Local fixed income yields** were mixed but rose on average ahead of April inflation. Fresh supply from the Bureau of the Treasury also aided yields to move up. On average, yields rose by 2.12 bps WoW with the 10Y closing at 6.10% (-6.41 bps).
- ✓ **Key events that happened during the week:**
- ✓ **The BSP, in partnership with the Japan Int'l Cooperation Agency, launched its credit scoring model that will help lenders assess credit risk.** The Credit Risk Database (CRD) scoring model will help lenders assess the credit worthiness of micro-, small-, and medium-sized enterprises (MSME). The BSP hopes the CRD will help bridge the funding gap for MSMEs and help lenders with risk management.
- ✓ **The BSP Governor said cutting the policy rate faster than the US Fed is dangerous as it may weaken the peso against the dollar.** When asked about the next policy meeting, the Governor said the BSP has no need to mirror the Fed given that inflation is expected to fall within target by year-end. The BSP's policy rate is currently at 6.25%, while the upper bound of the Fed's target range is 5.00%.

### Foreign Exchange

Pair	Previous Close	Current Rate
USD/PHP	56.020	55.380
EUR/USD	1.0986	1.1019

### Foreign Exchange



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

