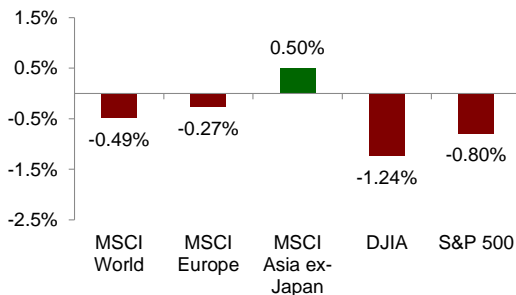


May 8, 2023

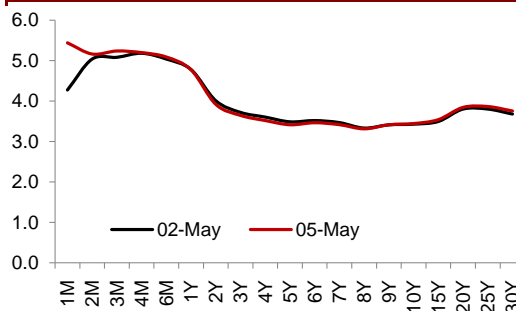
Global equities and global bond yields were mixed as investors digested corporate earnings results and the policy decisions of the major central banks. Global oil prices fell on demand concerns.

Global Equities

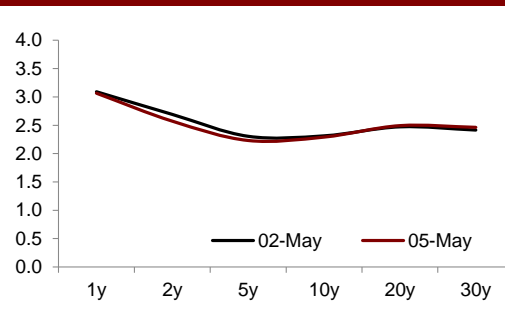


- ✓ **US equities** declined as investors weighed a mixed bag of corporate earnings results and the Fed's 25-bp rate hike. The banking sector overhang also caused shares of some regional banks to fall. The S&P 500 closed at 4,136.25 (-0.80% WoW) and the DJIA closed at 33,674.38 (-1.24% WoW).
- ✓ **Asian equities** slightly rose as investors digested policy direction signals from the Fed and Bank of Japan while also weighing another round of first quarter corporate earnings results. The MSCI APxJ closed at 517.16 (+0.50% WoW).
- ✓ **European equities** fell as investors weighed the US Federal Reserve's (Fed) and the European Central Bank's (ECB) latest 25-basis point rate hike and corporate earnings results. The MSCI Europe closed at 156.44 (-0.27% WoW).

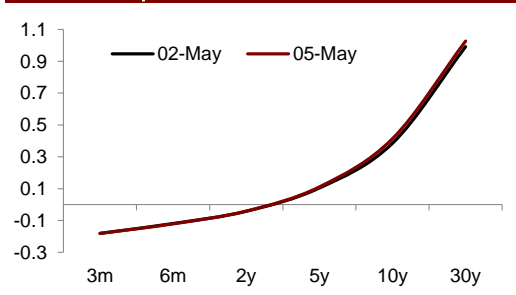
US Treasuries



German Bunds



Japanese Government Bonds



- ✓ **US Treasury yields** rose as investors digested the Fed's policy rate hike and better-than-expected nonfarm payrolls data. On average, yields went up by 6.86 bps WoW with the 10Y closing at 3.44% (+1.50 bps).
- ✓ **German bund yields** fell after the European Central Bank (ECB) raised its policy rates by 25 bps, as widely anticipated & priced-in by the market in previous sessions. On average, yields fell by 2.87 bps WoW with the 10Y closing at 2.29% (-2.20 bps).
- ✓ **Japanese bond yields** rose as investors assessed the minutes of the Bank of Japan's March policy meeting which mentioned upside risks on inflation and uncertainties on its outlook. On average, yields rose by 1.17 bps WoW with the 10Y closing at 0.41% (+2.90 bps).
- ✓ **Key events that transpired during the week:**
- ✓ **The Federal Open Market Committee increased the upper bound of its target rate by 25 bps to 5.25%—its 10th straight increase in interest rates.** In assessing the apt stance of monetary policy, the Fed will monitor the effects of interest rates on inflation, hiring, & activity.
- ✓ **The ECB raised its policy rates by 25 bps after inflation rose to 7% in March, after 5 months of decline.** The ECB also said that it would likely stop reinvestments under its Asst Purchase Program (APP) in July--a move seen as a compromise for those pushing for a larger hike.

- ✓ **Global oil prices** fell further following the recent rate hikes from the US Fed and ECB which fuelled concerns on lower-than-expected demand. Brent oil closed at \$75.30 per barrel (-5.33% WoW), while WTI crude closed at \$71.34 per barrel (-7.09% WoW).

Commodities

\$bbl	5-May-2023	% Change
Brent	75.30	-5.33%
WTI	71.34	-7.09%
BBG Commodity index	102.96	-1.30%

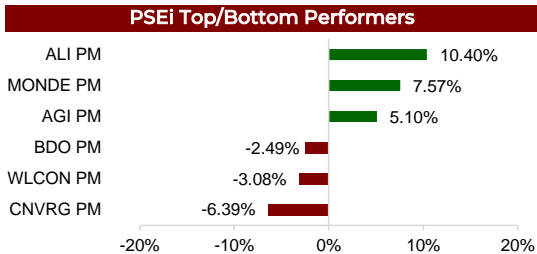
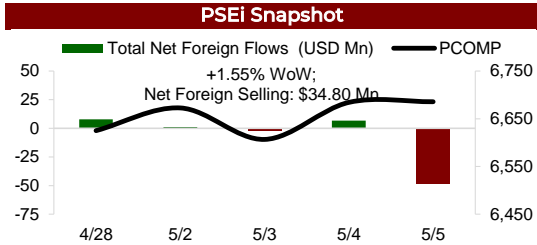
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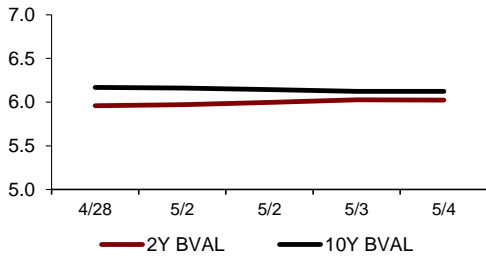
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Local equities rose, local fixed income yields fell, and the Philippine peso strengthened as investors assessed easing of local inflation, cooling of oil prices, and global central banks cues on policy direction.

- ✓ **Local equities** rose as the Federal Reserve hinted at a possible rate hike pause. The deceleration of domestic inflation and positive earnings results also boosted sentiment. The PSEI closed at 6,684.35 (+1.53% WoW).
- ✓ Top performers were Ayala Land, Inc. (PSE Ticker: ALI; 10.4%), Monde Nissin Corporation (MONDE; 7.57%), and Alliance Global Group, Inc. (AGI; 5.1%). Meanwhile, BDO Unibank Inc. (PSE Ticker: BDO; -2.49%), Wilcon Depot, Inc. (WLCON; -3.08%), and Converge Information and Communications Technology Solutions, Inc. (CNVRG; -6.39%) were the laggards of the week.
- ✓ **Key events that transpired during the week:**
- ✓ **ACEN Corporation (PSE Ticker: ACEN)** posted a surge in its 1Q2023 net income to Php2.03 billion, a fivefold increase from Php405.03 million in the previous year, driven by higher net generation on better wind resources. Meanwhile, consolidated revenues rose 23.5% YoY to Php9.14 billion amid higher revenues from electricity sales.
- ✓ **Converge ICT Solutions Inc. (PSE Ticker: CNVRG)** said it remains open to sign a partnership deal with Elon Musk's Space Exploration Technologies Corp. (SpaceX) which operates Starlink for the installation of satellite connectivity in unserved areas. This was after the company shared it is doing a demo of its military satellite from Kymeta Corp.



Local Bond Market Movements



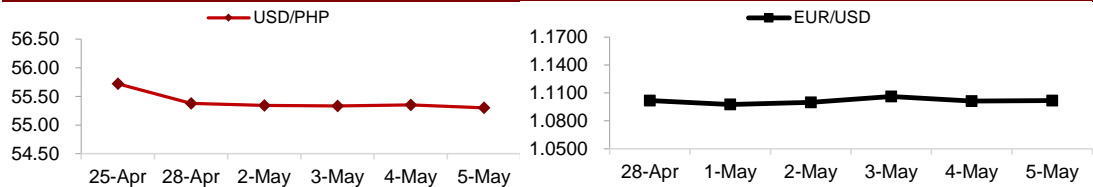
- ✓ The **Philippine peso** strengthened amid easing global oil prices and positive sentiment on April local inflation. However, expectations of a potential rate pause from the BSP tempered gains. The USD/PHP pair closed at 55.30 (-0.14% WoW).
- ✓ The **Euro** weakened after the ECB raised policy rates by the expected 25 bps. However, movements were offset following the weakening of the dollar amid a downward US jobs revision in March despite a strong April jobs data. The EUR/USD pair closed at 1.10 (+0.00% WoW).

- ✓ **Local fixed income yields** fell on expectations of a pause from the Federal Reserve. The BSP may also pause its hiking cycle given the decelerating domestic inflation data. On average, yields fell by 5.20 bps WoW with the 10Y closing at 5.94% (-16.8 bps).
- ✓ **Key events that happened during the week:**
- ✓ **The National Economic and Development Authority is seeking to finance 5,329 projects with P20.22 trillion in investments for its Public Investment Program over the next 5 years.** 85.75% of the investments will go to infrastructure projects, followed by agriculture and education.
- ✓ **The Philippine Statistics Authority reported that the consumer price index decelerated to 6.6% in April from 7.6% the month prior.** This was slower than consensus expectations of 7.0%. The latest figure brought year-to-date inflation to 7.9%. The lower print can be attributed to decelerating food prices, transport, and housing & utilities. Core inflation also decelerated to 7.9% from 8.0%.

Foreign Exchange

Pair	Previous Close 04/28/23	Closing 05/05/23
USD/PHP	55.380	55.300
EUR/USD	1.1019	1.1019

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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