

# Weekly Market Snapshot

October 24, 2022

Index/ Bond	Index Level/Yield	WoW Change	WoW % Change
PSEi	5,983.56	78.81	1.33%
Dow Jones	31,082.56	1,447.73	4.89%
S&P500	3,752.75	169.68	4.74%
MSCI Asia ex-Japan	537.31	-7.85	-1.44%
MSCI Europe	133.26	1.70	1.29%
MSCI Emerging Market	865.04	1.71	0.20%
MSCI World Index	2,462.42	85.78	3.61%
S&P GSCI Commodity	3,538.49	-33.12	-0.93%
S&P Global REITs	553.03	10.20	1.88%
5Yr FXTN	6.75	23 bps	
10Yr US Treasury	4.22	20 bps	

Source: Bloomberg

## Philippine Equities

- The Philippine Stock Exchange Index (PSEi) closed up 1.3% week-on-week (WoW) at 5,983.56. The benchmark started on a strong note as it reversed declines from the previous week. Gains didn't end there as the 6,000-level resistance was finally breached the following day. Price action was even brought on to the lower bound of 6,100 came middle of the week, while profit-taking was seen in the later part of the sessions. Volumes were mostly muted with only one of the days seeing a spike of Php7.8b due to the WisdomTree rebalancing. Foreigners started the week as net buyers but eventually turned net sellers towards the end of the sessions. Highlight was the start of the 3Q earnings season which was kicked-off by BPI's generally in-line earnings report.
- The index gainers for the week were Ayala Land, Inc. (ALI +10.43% WoW), Alliance Global Group, Inc (AGI +9.34% WoW), and Ayala Corporation (AC +8.39% WoW). The laggards were Robinsons Land Corporation (RLC -9.52% WoW), Aboitiz Equity Ventures (AEV -3.63% WoW), and Monde Nissin Corporation. (MONDE -3.48% WoW).

For the week ahead, we might see a sideways move for the index with resistance being at 6,150 levels as investors await for more earnings result. Eyes are also on the US 3Q GDP which will be released on September 27.

## Philippine Fixed Income

- The local bond market remained sluggish over the week as appetite was hindered by global rates reaching new all-time highs. Short to medium term yields underperformed the most, ending 10 to 40 basis points higher in fear of more tightening by the Bangko Sentral ng Pilipinas (BSP).
- October 17 & 18 Auction Results for Treasury Bills/Bonds.

Tenor	91 Days	182 Days	364 Days	FXTN 7-68
High	5.375	5.825	6.300	7.500
Low	4.250	4.600	5.500	7.000
Average	4.820	5.226	5.862	7.344
Bid to Cover	--	--	--	1.668
	Rejected	Rejected	Rejected	Fully Awarded

- Term Deposit (TD) Facility auction: 10/1/22
  - Php 150 billion 7-Day TD Facility averaged 4.7093%, 1.1288x oversubscribed.
  - Php 130 billion 14-Day TD Facility averaged 4.7611%, 0.8213x undersubscribed.

We expect the BSP to maintain a hawkish bias for the rest of the year with negative pressure from inflation and foreign exchange. We have adjusted to an underweight position for our portfolios and await better levels for re-entry. We emphasize holding liquid securities to quickly shift our portfolio towards parts of the curve where we see value but remaining cognizant of market catalysts for rates direction in short to medium term.

## Global Equities

- US equities are up 4.78% WoW (week on week) as Treasury yields retreated from their highest since 2007 and \$2 trillion worth of options expired. All 11 major industry groups were in the green, led by the materials and financials sectors.
- European equities are up 1.29% WoW erasing earlier declines, as tech companies tracked gains in US peers, while UK shares advanced after Liz Truss resigned as prime minister.
- Asian equities are down 1.48% WoW capping a second week of declines, as recession worries weighed on sentiment amid hawkish central-bank remarks and stringent China Covid restrictions.

Federal Reserve officials continued their hawkish rhetoric before they go into a blackout period on Saturday ahead of the November meeting. European equities are having a volatile October as fears about the impact of persistent inflation and hawkish central banks war with optimism around a stronger start to the third-quarter earnings season. We are still holding Precious Metals Miners and Oil and Gas Exploration and Production.

## Global Fixed Income

- Risk markets declined over the week as the US Federal Reserve continued to give hawkish comments on the economy's outlook. They highlighted that the policy rate might rise over a long period to address inflation fully.
- The 10-year Treasury ended the week 20 basis points (bps) higher at 4.21%, with the yield curve flattening as the term premium between the 2-year and 10-year rates tightened by 21 basis points.
- Credit markets outperformed over the week. Investment grade and emerging market spreads ended the week with spreads unchanged. High yield outperformed with a spread tightening of 53 bps.

With inflation staying elevated and hawkish policy from the Federal Reserve, we expect markets to remain volatile. Our portfolio continues to tactically trade treasuries, PH sovereign bonds, and PH credits. We currently maintain a tactically overweight position for our portfolios.

## ECONOMIC RELEASES

Date	Country	Data	Period
10/24/2022	Eurozone	S&P Global Eurozone Manufacturing PMI	Oct P
10/24/2022	Eurozone	S&P Global Eurozone Composite PMI	Oct P
10/24/2022	Eurozone	S&P Global Eurozone Services PMI	Oct P
10/24/2022	Japan	Jibun Bank Japan PMI Mfg	Oct P
10/24/2022	Japan	Jibun Bank Japan PMI Composite	Oct P
10/24/2022	Japan	Jibun Bank Japan PMI Services	Oct P
10/24/2022	US	S&P Global US Manufacturing PMI	Oct P
10/24/2022	US	S&P Global US Composite PMI	Oct P
10/24/2022	US	S&P Global US Services PMI	Oct P
10/25/2022	Japan	Machine Tool Orders YoY	Sep F
10/25/2022	US	Conf. Board Consumer Confidence	Oct
10/25/2022	US	Richmond Fed Manufact. Index	Oct
10/26/2022	Eurozone	M3 Money Supply YoY	Sep
10/26/2022	Japan	Leading Index CI	Aug F
10/26/2022	South Korea	Business Survey Manufacturing	Nov
10/26/2022	US	MBA Mortgage Applications	21-Oct
10/26/2022	US	New Home Sales	Sep
10/26/2022	US	Wholesale Inventories MoM	Sep P
10/27/2022	Eurozone	ECB Main Refinancing Rate	27-Oct
10/27/2022	Eurozone	ECB Deposit Facility Rate	27-Oct
10/27/2022	Eurozone	ECB Marginal Lending Facility	27-Oct
10/27/2022	South Korea	GDP YoY	3Q A
10/27/2022	South Korea	GDP SA QoQ	3Q A
10/27/2022	US	Initial Jobless Claims	22-Oct
10/27/2022	US	GDP Annualized QoQ	3Q A
10/27/2022	US	Durable Goods Orders	Sep P
10/27/2022	US	GDP Price Index	3Q A
10/27/2022	US	Durables Ex Transportation	Sep P
10/27/2022	US	Continuing Claims	15-Oct
10/28/2022	Eurozone	Consumer Confidence	Oct F
10/28/2022	Japan	Jobless Rate	Sep
10/28/2022	Japan	Tokyo CPI Ex-Fresh Food YoY	Oct
10/28/2022	Japan	Job-To-Applicant Ratio	Sep
10/28/2022	Japan	BOJ Policy Balance Rate	28-Oct
10/28/2022	Japan	Tokyo CPI YoY	Oct
10/28/2022	US	U. of Mich. Sentiment	Oct F
10/28/2022	US	Personal Spending	Sep
10/28/2022	US	Personal Income	Sep
10/28/2022	US	Pending Home Sales MoM	Sep
10/28/2022	US	Employment Cost Index	3Q