

# Weekly Market Snapshot

November 21, 2022

Index/ Bond	Index Level/Yield	WoW Change	WoW % Change
PSEi	6,437.38	150.61	2.40%
Dow Jones	33,745.69	-2.17	-0.01%
S&P500	3,965.34	-27.59	-0.69%
MSCI Asia ex-Japan	601.79	10.17	1.72%
MSCI Europe	145.37	0.46	0.32%
MSCI Emerging Market	943.01	7.28	0.78%
MSCI World Index	2,658.90	-15.18	-0.57%
S&P GSCI Commodity	3,526.81	-155.86	-4.23%
S&P Global REITs	612.14	-7.58	-1.22%
5Yr FXTN	6.84	-29 bps	
10Yr US Treasury	3.83	2 bps	

Source: Bloomberg

## Philippine Equities

- The Philippine Stock Exchange Index (PSEi) closed up 2.4% week-on-week (WoW) at 6437.38. The benchmark continued its gains from the previous week as positive momentum carried over. Price action concluded at the lower bound of 6,400 making it the fifth consecutive winning week for the index. Generally, the upbeat sentiment that prompted the index to move further in the positive territory was brought about by last Friday's US CPI release. This is also on the back of a generally strong 3Q earnings result.
- Volumes for the week remained fairly decent as they averaged Php5.3b. While foreign buying for the week remained supportive as it ended on a net buy of US\$33m. Meanwhile, the two worst performers for the index, CNVRG (+20.00%) and ACEN (10.76%) were the week's outperformers. This can be attributed to bargain hunting from investors as these names were already subjected to sharp self-offs.
- The index gainers for the week were Converge ICT Solutions Inc. (CNVRG +20.00% WoW), AC Energy Corporation (ACEN +8.36% WoW), and Ayala Land Inc. (ALI +10.41% WoW). The laggards were Globe Telecom, Inc. (GLO -3.74% WoW), BDO Unibank, Inc. (BDO -3.37%), and SM Prime Holdings, Inc. (SMPH -2.86% WoW).

For the week ahead, we might see a sideways move with a chance of muted volumes as catalysts on the ground dry up. Eyes will also now most likely be on external developments.

## Philippine Fixed Income

- Local bond yields were largely lower week-on-week (WOW), with the belly and long-end as the outperformers for the week. The rally in the local bond market reflected the well-received 12-year auction and expectations that US inflation has likely peaked which may lead to slower rate increases from the US Federal Reserve (Fed).
- The Bangko Sentral ng Pilipinas (BSP) raised its policy rate by 75 basis points (bps) to 5.0%, bringing its cumulative increase to 300 bps for the year. Monetary authorities noted that lingering inflationary pressures along with strong second-round effects warranted aggressive policy action from the BSP in accordance with its price and financial stability mandate.
- November 14 and 15 - Auction Results for Treasury Bills/Bonds:

Tenor	91D	182D	364D	FXTN 25-06
Average	4.464	4.838	5.1	8.168
Low	4.35	4.825	5.1	7.75
High	4.54	4.85	5.1	8.28
Bid to Cover	2.74	1.43	0.64	2.31
Volume	5,000.00	2,200.00	1,400.00	35,000.00

- November 16, 2022 – BSP Term Deposit Facility (TDF) Auction:

Tenor	7D	14D	28D
Average	5.2787	5.4662	-
Low	5	5	-
High	5.55	5.75	-
Bid to Cover	0.93	1.01	-
Volume	194,364.00	140,000.00	-

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 overweight position for our portfolios, taking advantage of the attractive levels in the primary and secondary markets. We emphasize holding liquid securities to quickly shift our portfolio toward parts of the curve where we see the value but remain cognizant of market catalysts for rates direction in the short- to medium term.

## Global Equities

- US equities are down 0.83% WoW (week on week). The week started with investors evaluating mixed signals from the US Federal Reserve (Fed) on the future trajectory of interest rate increases, yet it ended higher on Friday as optimism around upbeat corporate updates offset hawkish remarks from a Fed official.
- European equities are up 0.23% WoW in USD terms. European bourses capped a healthy week as economic data on Friday surprised to the upside. In the UK, retail sales grew stronger than expected in October while consumer confidence improved moderately.
- Asia-Pacific equities are up 0.52% WoW amid fears that the US Fed will continue its aggressive monetary tightening path and a resurgence of COVID-19 cases in China.

For the past week, for global equities, we maintain our position and continue to hold iShares U.S. Oil & Gas Exploration & Production ETF, Invesco DB Agricultural Fund, and Franklin Gold and Precious Metals Fund, for our globally diversified portfolios. We remain defensive in our stance as markets are surrounded by concerns about China's recent rise in Covid-reported deaths. This could add downward pressure to the country's near-term growth if China tightens Covid curbs again. For the week ahead, investors will be looking into the minutes of the most recent Fed policy meeting for further hints on the course of rate hikes.

## Global Fixed Income

- US Treasuries experienced a volatile session last week as market players factored in easing wholesale prices and mixed soundings from Fed officials. For the week ending November 18, the 10-year treasury yield ended flat at 3.82%. Market participants are cautiously monitoring the comments of monetary authorities for any signs of a Fed pivot in consideration of decelerating inflation. Meanwhile, credit spreads tightened across the board, with EM credits as the outperformer for the week.
- Inflation trends are diverging in the US and UK. US Producer Price Inflation came in lower than expected at 8% year-on-year and 0.20% month-on-month. Meanwhile, UK consumer inflation enlarged to 11.10% in October from 10.10% in September, higher than market forecasts, on account of elevated energy and food prices.

With inflation staying elevated and given the hawkish policy of 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 underweight position for our portfolios.

## ECONOMIC RELEASES

Date	Country	Data	Period
11/21/2022	US	Chicago Fed Nat Activity Index	Oct
11/22/2022	Eurozone	Consumer Confidence	Nov P
11/22/2022	Malaysia	Foreign Reserves	15-Nov
11/22/2022	US	Richmond Fed Manufact. Index	Nov
11/23/2022	Eurozone	S&P Global Eurozone Manufacturing PMI	Nov P
11/23/2022	Eurozone	S&P Global Eurozone Composite PMI	Nov P
11/23/2022	Eurozone	S&P Global Eurozone Services PMI	Nov P
11/23/2022	South Korea	Business Survey Manufacturing	Dec
11/23/2022	US	Initial Jobless Claims	19-Nov
11/23/2022	US	U. of Mich. Sentiment	Nov F
11/23/2022	US	Durable Goods Orders	Oct P
11/23/2022	US	New Home Sales	Oct
11/23/2022	US	MBA Mortgage Applications	18-Nov
11/23/2022	US	S&P Global US Manufacturing PMI	Nov P
11/23/2022	US	Durables Ex Transportation	Oct P
11/23/2022	US	S&P Global US Composite PMI	Nov P
11/23/2022	US	S&P Global US Services PMI	Nov P
11/23/2022	US	Continuing Claims	12-Nov
11/24/2022	Japan	Jibun Bank Japan PMI Mfg	Nov P
11/24/2022	Japan	Jibun Bank Japan PMI Composite	Nov P
11/24/2022	Japan	Jibun Bank Japan PMI Services	Nov P
11/24/2022	Japan	Machine Tool Orders YoY	Oct F
11/24/2022	Japan	Leading Index CI	Sep F
11/24/2022	South Korea	BoK 7-Day Repo Rate	24-Nov
11/24/2022	South Korea	PPI YoY	Oct
11/25/2022	Japan	Tokyo CPI Ex-Fresh Food YoY	Nov
11/25/2022	Japan	Tokyo CPI YoY	Nov
11/25/2022	Malaysia	CPI YoY	Oct

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