

Weekly Market Snapshot

November 2, 2022

Index/ Bond	Index Level/Yield	WoW Change	WoW % Change
PSEi	6,153.43	169.87	2.84%
Dow Jones	32,861.80	1,779.24	5.72%
S&P500	3,901.06	148.31	3.95%
MSCI Asia ex-Japan	523.15	-14.16	-2.64%
MSCI Europe	137.99	4.73	3.55%
MSCI Emerging Market	845.58	-19.46	-2.25%
MSCI World Index	2,561.04	98.62	4.01%
S&P GSCI Commodity	3,603.20	64.71	1.83%
S&P Global REITs	589.01	35.98	6.51%
5Yr FXTN	6.73	-2 bps	
10Yr US Treasury	4.01	-20 bps	

Source: Bloomberg

Philippine Equities

- The Philippine Stock Exchange Index (PSEi) closed up by 2.8% week-on-week (WoW) at 6,153.43. The index continued its move from the previous week as it again managed to end with decent gains. Move for the sessions were mostly green, with a breakout move accompanied by better volume even seen in the later part as the 6,200 level was breached. While a pullback was seen at the tail end as investors bagged some gains. The index's positive price action was still in cadence with the US markets as some recent econ data now pointing towards the US Federal Reserve (Fed) tightening already having an impact which resulted in the move for risk assets.
- Volumes remained light for the week with only the breakout session being above average. Net foreign flow ended with a net sell of US\$6.4m as it shifted from a net buy of US\$1.3m from the previous week.
- The index gainers for the week were PLDT, Inc. (TEL +9.66% WoW), Universal Robina Corporation, Inc (URC +9.12% WoW), and BDO Unibank, Inc. (BDO +7.34% WoW). The laggards were Semirara Mining and Power Corporation (RLC -9.52% WoW), Robinsons Land Corporation (RLC-2.37% WoW), and Ayala Land, Inc. (ALI -1.73% WoW).

Eyes are now on the US rate hike decision on November 03 and the PH consumer price index (CPI) data which would be released on November 04.

Philippine Fixed Income

- The local bond market saw decent interest on long-end bonds last week, with the Bureau of the Treasury (BTr) issuing a 13-year bond at a new high of 8%. However, overall volume remained sluggish. Short-term yields outperformed the most, ending 20 to 50 basis points (bps) lower.
- October 24 & 25 Auction Results for Treasury Bills/Bonds.

Tenor	91 Days	182 Days	364 Days	FXTN 25-07
High	4.250	4.650	4.875	8.000
Low	4.150	4.650	4.875	7.625
Average	4.220	4.650	4.875	7.887
Bid to Cover	3.32	3.561	2.495	1.798
	2.5B of 5B Awarded	2.1B of 5B Awarded	2B of 5B Awarded	26.1B of 35B Awarded

- Term Deposit (TD) Facility auction: 10/26/22
 - Php 170 billion 7-Day TD Facility averaged 4.8146%, 0.8592 x undersubscribed
 - Php 110 billion 14-Day TD Facility averaged 4.9044%, 1.3562 x oversubscribed.

We expect the Bangko Sentral ng Pilipinas (BSP) to maintain a hawkish bias for the rest of the year with negative pressure from inflation and foreign exchange. We are keeping our 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 3.95% WoW (week on week). Equities advanced firmly with a broad-based rally on Friday. The personal consumption expenditure (PCE) price index grew at the same pace with last month in September, while the annual core PCE inflation excluding food and energy prices came in slightly weaker than expected and consumer spending remained resilient while wage growth eased in September.
- European equities are up 4.60% WoW in USD terms. On the data front, preliminary figures for France and Spain in the third quarter, showed slower growth, while German economy unexpectedly expanded. Meanwhile, consumer price inflation accelerated in Germany and France in October, while the Spanish inflation rate eased although remaining stubbornly high.
- Asia-Pacific equities are down 0.18% WoW. Most Asian equities ended the week on a subdued note on Friday. Investors reassessed China's economic growth after the Communist Party Congress, while sentiment was dented further because of strengthened COVID-19 control measures to curb a rise of cases in some cities. On the other hand, the Bank of Japan maintained its ultra-low interest rate policy but lifted its inflation forecast for this year. Meanwhile, corporate earnings continued to pour in with mixed results.

For the past week, for our globally diversified portfolios, we decrease our position in local and global equities, while we increased our position in iShares U.S. Oil & Gas Exploration & Production ETF and Invesco DB Agricultural Fund. Meanwhile, for our global portfolios, we increased our position in Franklin Gold and Precious Metals Fund. We remain defensive in our stance and now investors' focus shifts to whether the Fed will indicate that it may slow its aggressive tightening cycle on its policy meeting this week, due to slew of upbeat economic data, reflecting an encouraging development for the Fed in its battle against inflation.

Global Fixed Income

- Risk markets pared down losses over the week as risk appetite was partially restored following the appointment of UK's new prime minister. Economic data also continued to decline with housing and purchasing manager's indices underperforming.
- The 10-year Treasury ended the week 23 basis points (bps) richer at 4.01%, with the yield curve inverted further as the term premium between the 2-year and 10-year rates widened by 15 bps.
- Credit markets outperformed over the week. Investment grade was tighter by 6 bps while emerging market spreads ended 20 bps wider for the week. High yield outperformed with a spread tightening of 40 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
11/02/2022	Eurozone	S&P Global Eurozone Manufacturing PMI	Oct F
11/02/2022	Japan	Monetary Base YoY	Oct
11/02/2022	South Korea	CPI YoY	Oct
11/02/2022	South Korea	CPI MoM	Oct
11/02/2022	US	MBA Mortgage Applications	28-Oct
11/02/2022	US	ADP Employment Change	Oct
11/03/2022	China	Caixin China PMI Services	Oct
11/03/2022	China	Caixin China PMI Composite	Oct
11/03/2022	Eurozone	Unemployment Rate	Sep
11/03/2022	Malaysia	BNM Overnight Policy Rate	3-Nov
11/03/2022	US	Initial Jobless Claims	29-Oct
11/03/2022	US	FOMC Rate Decision (Upper Bound)	2-Nov
11/03/2022	US	Durable Goods Orders	Sep F
11/03/2022	US	Factory Orders	Sep
11/03/2022	US	Trade Balance	Sep
11/03/2022	US	ISM Services Index	Oct
11/03/2022	US	Durables Ex Transportation	Sep F
11/03/2022	US	S&P Global US Composite PMI	Oct F
11/03/2022	US	S&P Global US Services PMI	Oct F
11/03/2022	US	Continuing Claims	22-Oct
11/04/2022	Eurozone	S&P Global Eurozone Composite PMI	Oct F
11/04/2022	Eurozone	S&P Global Eurozone Services PMI	Oct F
11/04/2022	Japan	Jibun Bank Japan PMI Composite	Oct F
11/04/2022	Japan	Jibun Bank Japan PMI Services	Oct F
11/04/2022	Philippines	CPI YoY 2018=100	Oct
11/04/2022	Philippines	Exports YoY	Sep
11/04/2022	Philippines	Trade Balance	Sep
11/04/2022	US	Change in Nonfarm Payrolls	Oct
11/04/2022	US	Unemployment Rate	Oct
11/04/2022	US	Change in Manufact. Payrolls	Oct
11/07/2022	China	Trade Balance	Oct
11/07/2022	China	Exports YoY	Oct
11/07/2022	China	Imports YoY	Oct
11/07/2022	China	Foreign Reserves	Oct
11/07/2022	Malaysia	Foreign Reserves	31-Oct

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