

Weekly Market Snapshot

December 5, 2022

Index/ Bond	Index Level/Yield	WoW Change	WoW % Change
PSEi	6,489.65	-117.29	-1.78%
Dow Jones	34,429.88	82.85	0.24%
S&P500	4,071.70	45.58	1.13%
MSCI Asia ex-Japan	625.39	26.18	4.37%
MSCI Europe	148.76	0.99	0.67%
MSCI Emerging Market	973.85	32.84	3.49%
MSCI World Index	2,733.03	29.36	1.09%
S&P GSCI Commodity	3,490.81	40.63	1.18%
S&P Global REITs	625.09	3.64	0.59%
5Yr FXTN	6.51	-4 bps	
10Yr US Treasury	3.49	-19 bps	

Source: Bloomberg

Philippine Equities

- The Philippine Stock Exchange Index (PSEi) closed up 1.78% week-on-week (WoW) at 6,489.65. The benchmark saw its first weekly loss after it piled gains from its 6-week winning streak. Investors took profit following the sharp 10.2% move to the upside for the month of November. Breakout was seen immediately at the start of the week as 200 day moving average (dMA) resistance was breached. Gains continued as price action went to the higher bound of 6,700. However, a different story was seen at the later part of the week as slight declines materialized. This move in the red went even further the following day as a breakdown from the 200dMA occurred, erasing gains for the session.
- Market activity for the week was sizeable with average volume being at Php10.82b. This was primarily due to the hefty Php22.78b session last Tuesday as the MSCI semi-annual rebalancing transpired. On the other hand, foreign flows for the week turned to sell, making it the first weekly outflow in 5 weeks as foreigners ended with a huge US\$44m net sell position with a bulk of it coming from the rebalancing.
- The index gainers for the week were Semirara Mining and Power Corporation (SCC +7.18% WoW), Acen Corporation (ACEN +4.40% WoW), and International Container Terminal Services, Inc. (ICT +4.14% WoW). The laggards were Wilcon Depot, Inc. (WLCON -7.38% WoW), Converge ICT Solutions Inc. (CNVRG -6.13%), and Jollibee Foods Corporation (JFC -5.95% WoW).

For the week ahead, we might see a sideways move for the index. Eyes are also now on the release of the PH Nov CPI data which will be out on Dec 06.

Philippine Fixed Income

- Local bond yields continued to rally on account of the dovish comments from the Fed, drop in US Treasury yields, reduced borrowing schedule from the BTr, and upcoming bond maturities amounting to Php 270 billion which spurred buying momentum. GS yields fell by 7 to 23 bps week-on-week, with outperformance led by the long-end of the curve.
- Market participants now await the release of the inflation print for November. The Bangko Sentral ng Pilipinas (BSP) has forecasted November CPI to settle between 7.40% to 8.20%, largely due to higher costs for power, LPG, and agricultural commodities. BSP Governor Felipe Medalla expects domestic inflation to decelerate and to likely peak in November or December.

- November 28 and 29- Auction Results for Treasury Bills/Bonds:

Tenor	91D	182D	364D	FXTN 20-14
Average	4.205	4.92	5.15	6.568
Low	4.14	4.92	5.15	6.475
High	4.248	4.92	5.15	6.625
Bid to Cover	5.20	1.16	0.80	1.87
Volume	5,000.00	2,100.00	2,520.00	22,969.00

- November 29, 2022 – BSP Term Deposit Facility (TDF) Auction:

Tenor	7D	14D	28D
Average	5.7514	5.8662	-
Low	5.49	5.6	-
High	6.025	6.175	-
Bid to Cover	0.62	0.81	-
Volume	110,737.00	121,732.00	-

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 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 the short-to medium-term.

Global Equities

- US equities are up 1.19% WoW (week on week) With the S&P 500 notching back-to-back weekly gains. The rally was fueled by statements by Fed Chair Jerome Powell, mentioning that the central bank could slow the pace of rate hikes at this month's meeting, even as strong jobs data cast a shadow over that optimism last Friday.
- European equities are up 1.83% WoW in USD terms. The European benchmark continued to recover, as a downshift in the hawkish Fed speak, as well as incremental reopening from China, have continued to boost sentiment. Several indices, including the Euro Stoxx 50, Italy's FTSE MIB, Germany's DAX, entered bull-market territory last month, while France's CAC 40 is close to crossing that threshold.
- Asian Equities are up 2.43% WoW as equities in Asia extended gains after their best monthly rally in 24 years, as concerns eased over China's Covid measures and the Federal Reserve's tightening. Further reopening from China helped buoy the market as a top Chinese official said "efforts to combat the virus are entering a new phase with the omicron variant weakening and vaccination rates rising."

We continue to hold Gold Miners and Upstream U.S. Oil & Gas companies.

Global Fixed Income

- US Treasury yields dropped by 7 to 21 bps week-on-week as market players looked beyond the still-robust employment numbers. Market participants largely acted on dovish commentaries from Fed Chair Jerome Powell, softer-than-expected October Core Personal Consumption Expenditures Index, and expectations of slower rate increases from the US Fed as soon as December. The 10-year benchmark yield settled at 3.51%, down by another 17 bps as compared to the previous week. Moreover, credit spreads were mixed for the week, with investment grade unchanged, high yield wider by 3 bps, and emerging markets tighter by 13 bps.
- Fed Chair Jerome Powell's latest speech points to a slowdown in the pace of rate increases. He expressed that the expected rate hike for December will be lower than the central bank's previous rate increases of 75 bps. However, Powell highlighted that interest rates will likely rise further to significantly rein in inflation and that recent trends may necessitate maintaining policy at a restrictive level.

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
12/06/2022	China	CPI YoY	Nov
12/06/2022	China	PPI YoY	Nov
12/06/2022	China	Money Supply M2 YoY	Nov
12/06/2022	China	Trade Balance	Nov
12/06/2022	China	Exports YoY	Nov
12/06/2022	China	Imports YoY	Nov
12/06/2022	China	Caixin China PMI Services	Nov
12/06/2022	China	New Yuan Loans CNY	Nov
12/06/2022	China	Caixin China PMI Composite	Nov
12/06/2022	China	Foreign Reserves	Nov
12/06/2022	Eurozone	GDP SA QoQ	3Q F
12/06/2022	Eurozone	GDP SA YoY	3Q F
12/06/2022	Eurozone	S&P Global Eurozone Composite PMI	Nov F
12/06/2022	Eurozone	S&P Global Eurozone Services PMI	Nov F
12/06/2022	Japan	GDP SA QoQ	3Q F
12/06/2022	Japan	GDP Annualized SA QoQ	3Q F
12/06/2022	Japan	BoP Current Account Balance	Oct
12/06/2022	Japan	GDP Deflator YoY	3Q F
12/06/2022	Japan	Money Stock M2 YoY	Nov
12/06/2022	Japan	Money Stock M3 YoY	Nov
12/06/2022	Japan	Jibun Bank Japan PMI Composite	Nov F
12/06/2022	Japan	Jibun Bank Japan PMI Services	Nov F
12/06/2022	Japan	Trade Balance BoP Basis	Oct
12/06/2022	Japan	Leading Index CI	Oct P
12/06/2022	Malaysia	Foreign Reserves	30-Nov
12/06/2022	Philippines	CPI YoY 2018=100	Nov
12/06/2022	South Korea	BoP Current Account Balance	Oct
12/08/2022	US	Initial Jobless Claims	3-Dec
12/08/2022	US	U. of Mich. Sentiment	Dec P
12/08/2022	US	Durable Goods Orders	Oct F
12/08/2022	US	MBA Mortgage Applications	2-Dec
12/08/2022	US	PPI Final Demand MoM	Nov
12/08/2022	US	Factory Orders	Oct
12/08/2022	US	Trade Balance	Oct
12/08/2022	US	Wholesale Inventories MoM	Oct F
12/08/2022	US	ISM Services Index	Nov
12/08/2022	US	Durables Ex Transportation	Oct F
12/08/2022	US	S&P Global US Services PMI	Nov F
12/08/2022	US	S&P Global US Composite PMI	Nov F
12/08/2022	US	Continuing Claims	26-Nov
12/08/2022	US	PPI Final Demand YoY	Nov
12/08/2022	US	PPI Ex Food and Energy YoY	Nov
12/08/2022	US	PPI Ex Food and Energy MoM	Nov

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