

Weekly Market Snapshot

December 12, 2022

Index/ Bond	Index Level/Yield	WoW Change	WoW % Change
PSEi	6,580.12	90.47	1.39%
Dow Jones	33,476.46	-953.42	-2.77%
S&P500	3,934.38	-137.32	-3.37%
MSCI Asia ex-Japan	635.75	10.36	1.66%
MSCI Europe	147.32	-1.44	-0.97%
MSCI Emerging Market	978.28	4.43	0.45%
MSCI World Index	2,662.86	-70.17	-2.57%
S&P GSCI Commodity	3,270.17	-220.64	-6.32%
S&P Global REITs	617.28	-7.81	-1.25%
5Yr FXTN	6.33	17 bps	
10Yr US Treasury	3.58	9 bps	

Source: Bloomberg

Philippine Equities

- The Philippine Stock Exchange Index (PSEi) closed up 1.39% WoW at 6580.12. The benchmark saw gains concluding a shortened trading week, recovering from the decline the previous week. The index saw declines at the start as pullback continued while a sizeable bounce was seen the next day as price action returned to the higher bound of 6600. Gains didn't last till the end of the week as a sideways move transpired at the later part. Highlight for the week was the released November CPI data which showed that inflation print accelerated faster than the consensus expected estimates of 7.8%.
- Average daily volumes for the week was decent as it totaled Php5.28b. Foreigners remained as sellers for two straight weeks as they ended with a Php1.54b net sell position. Most sectors ended the week higher with Services taking the lead as gains from index winners WLCON (+5.65% WoW), ICT (+4.91% WoW), telcos such as TEL (+6.79% WoW) and CNVRG (+4.58% WoW) being at the forefront.
- The index gainers for the week were PLDT, Inc. (TEL +6.79% WoW), Wilcon Depot, Inc. (WLCON +5.65% WoW), and International Container Terminal Services, Inc. (ICT +4.91% WoW). The laggards were Monde Nissin Corporation (MONDE -5.55% WoW), Globe Telecom, Inc. (GLO -5.26% WoW), and Aboitiz Equity Ventures (AEV -2.00% WoW).

For the week ahead, decent volumes is expected as some events would take place. One of which is the BSP policy rate hike decision that will be out Thursday after market. Another is the FTSE rebalancing which would happen on Friday.

Philippine Fixed Income

- The local bond market extended its rally following the strong 12-year auction results and the BTr's cancellation of debt auctions for the second week of December. Despite the higher-than-expected inflation print for November, GS yields were lower by 4 to 23 bps week-on-week, as market players seem to be on a risk on mode going into 2023 and as they look for reinvestment opportunities ensuing the RTB maturity earlier this month.
- Headline inflation further accelerated to 8% in November, surpassing last month's print of 7.70% and consensus estimate of 7.80%. The rise in consumer prices was largely attributed to the uptrend in food and non-alcoholic beverages and restaurants and accommodation services, among others. Core inflation likewise surged from 5.90% in October to 6.50% in November. For the first eleven months of 2022, headline inflation averaged 5.60%.
- December 5 & 6 - Auction Results for Treasury Bills/Bonds:

Tenor	91D	182D	364D	FXTN 25-06
Average	4.089	4.95	-	7.189
Low	4.04	4.95	-	6.9
High	4.125	4.95	-	7.25
Bid to Cover	3.82	1.24	0.80	2.27
Volume	5,000.00	2,100.00	-	35,000.00

- December 7 - BSP Term Deposit Facility (TDF) Auction:

Tenor	7D	14D	28D
Average	5.9346	6.055	-
Low	5.7	5.75	-
High	6.125	6.35	-
Bid to Cover	1.03	0.93	-
Volume	220,000.00	166,534.00	-

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 was down -3.46% for the week after strong labor market data and ISM Services data gave the market reason to exercise caution as the index tapped the 200-day moving average. Producer Price Inflation (PPI) also came in above consensus expectations in the final day of the week. The market is waiting on the outcome of the upcoming CPI and FOMC meeting.
- European equities closed slightly negative, down -0.97% for the week as investors wait for the European Central Bank's (ECB) policy rate decision in the upcoming week. Multiple ECB speakers also made comments throughout the week saying that despite being around the halfway point in the rate normalization process, several rate hikes would still be necessary. They also said that they want to hold off on quantitative tightening (QT) for now.
- Asian equities closed slightly positive, up 0.70% as Chinese reopening measures broadened. China continued to reiterate that economic growth will keep picking up as officials enact alterations to Covid measures. The government could further ease policies around the property market on December 15 at the Central Economic Work Conference.

We made some changes to our positioning. We decreased our global fixed income ahead of the upcoming US CPI data and FOMC meeting. We decreased our position in IEO US after recent developments in energy markets prompted us to review our position.

Global Fixed Income

- Treasury yields edged higher by as much as 8 bps as market participants considered the strong economic data which may require continued aggressiveness from the Fed. The robust non-farm payrolls and ISM services report combined with the hotter-than-expected Producer Price Index prompted the advance in yields despite dovish comments from US Fed Chair Jerome Powell during the previous week. On the credit side, credit spreads were mixed, with investment grade and high yield wider by 3 and 16 bps, respectively, and emerging market tighter by 9 bps.
- The main highlight for this week would be the Fed policy meeting scheduled on December 13 to 14. Policymakers are widely expected to deliver a 50 bp rate hike following four consecutive 75 bp rate increases.

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
12/12/2022	Japan	PPI YoY	Nov
12/12/2022	Japan	Machine Tool Orders YoY	Nov P
12/12/2022	Malaysia	Industrial Production YoY	Oct
12/13/2022	Philippines	Exports YoY	Oct
12/13/2022	Philippines	Trade Balance	Oct
12/13/2022	US	CPI MoM	Nov
12/13/2022	US	CPI YoY	Nov
12/13/2022	US	CPI Ex Food and Energy MoM	Nov
12/13/2022	US	Monthly Budget Statement	Nov
12/13/2022	US	CPI Ex Food and Energy YoY	Nov
12/14/2022	Japan	Industrial Production MoM	Oct F
12/14/2022	Japan	Core Machine Orders MoM	Oct
12/14/2022	Japan	Tankan Large Mfg Index	4Q
12/14/2022	Japan	Tankan Large All Industry Capex	4Q
12/14/2022	Japan	Tankan Large Mfg Outlook	4Q
12/14/2022	Japan	Tankan Large Non-Mfg Index	4Q
12/14/2022	Japan	Tankan Large Non-Mfg Outlook	4Q
12/14/2022	Japan	Industrial Production YoY	Oct F
12/14/2022	Japan	Capacity Utilization MoM	Oct
12/14/2022	Japan	Core Machine Orders YoY	Oct
12/14/2022	Philippines	Overseas Cash Remittances YoY	Oct
12/14/2022	Philippines	Overseas Workers Cash Remittances	Oct
12/14/2022	South Korea	Unemployment rate SA	Nov
12/14/2022	US	MBA Mortgage Applications	9-Dec
12/14/2022	US	Import Price Index MoM	Nov
12/15/2022	China	Industrial Production YoY	Nov
12/15/2022	China	Retail Sales YoY	Nov
12/15/2022	China	Industrial Production YTD YoY	Nov
12/15/2022	China	Fixed Assets Ex Rural YTD YoY	Nov
12/15/2022	Eurozone	ECB Main Refinancing Rate	15-Dec
12/15/2022	Eurozone	ECB Deposit Facility Rate	15-Dec
12/15/2022	Eurozone	ECB Marginal Lending Facility	15-Dec
12/15/2022	Japan	Tertiary Industry Index MoM	Oct
12/15/2022	Japan	Trade Balance	Nov
12/15/2022	Philippines	BSP Overnight Borrowing Rate	15-Dec
12/15/2022	US	Initial Jobless Claims	10-Dec
12/15/2022	US	FOMC Rate Decision (Upper Bound)	14-Dec
12/15/2022	US	Retail Sales Advance MoM	Nov
12/15/2022	US	Industrial Production MoM	Nov
12/15/2022	US	Empire Manufacturing	Dec
12/15/2022	US	Philadelphia Fed Business Outlook	Dec
12/15/2022	US	Continuing Claims	3-Dec
12/15/2022	US	Retail Sales Ex Auto MoM	Nov
12/15/2022	US	Capacity Utilization	Nov
12/16/2022	Eurozone	CPI YoY	Nov F
12/16/2022	Eurozone	S&P Global Eurozone Manufacturing PMI	Dec P
12/16/2022	Eurozone	CPI MoM	Nov F
12/16/2022	Eurozone	S&P Global Eurozone Composite PMI	Dec P
12/16/2022	Eurozone	S&P Global Eurozone Services PMI	Dec P
12/16/2022	Japan	Jibun Bank Japan PMI Mfg	Dec P
12/16/2022	Japan	Jibun Bank Japan PMI Services	Dec P
12/16/2022	Japan	Jibun Bank Japan PMI Composite	Dec P

12/16/2022	Japan	Jibun Bank Japan PMI Mfg	Dec P
12/16/2022	Japan	Jibun Bank Japan PMI Services	Dec P
12/16/2022	Japan	Jibun Bank Japan PMI Composite	Dec P
12/16/2022	US	S&P Global US Manufacturing PMI	Dec P
12/16/2022	US	S&P Global US Services PMI	Dec P
12/16/2022	US	S&P Global US Composite PMI	Dec P
12/16/2022	US	Net Long-term TIC Flows	Oct
12/16/2022	US	Total Net TIC Flows	Oct

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