

Weekly Market Snapshot

November 28, 2022

Index/ Bond	Index Level/Yield	WoW Change	WoW % Change
PSEi	6,606.94	169.56	2.63%
Dow Jones	34,347.03	601.34	1.78%
S&P500	4,026.12	60.78	1.53%
MSCI Asia ex-Japan	599.21	-2.58	-0.43%
MSCI Europe	147.77	2.40	1.65%
MSCI Emerging Market	941.01	-2.00	-0.21%
MSCI World Index	2,703.67	44.77	1.68%
S&P GSCI Commodity	3,450.18	-76.64	-2.17%
S&P Global REITs	621.45	9.31	1.52%
5Yr FXTN	6.55	-29 bps	
10Yr US Treasury	3.68	-15 bps	

Source: Bloomberg

Philippine Equities

- The Philippine Stock Exchange Index (PSEi) closed up 2.6% week-on-week (WoW) at 6,606.94. The benchmark continued its weekly winning streak as the movement for the sessions was mainly in the positive territory. The only day in red was seen at the start of the week as price action consolidated in the 6,400 area. However, a different story happened in the middle of the week as a breakout from the 6500-level materialized. Gains were seen from then on with the index now at the 6,600 level.
- Volumes for the week remained decent at Php5.5b with a spike of Php6.2b seen at the tail end of the sessions. Meanwhile, foreigners were consistent net buyers throughout the week, ending with a hefty inflow of US\$42m.
- The index gainers for the week were Metropolitan Bank and Trust Company (MBT +8.71% WoW), Converge ICT Solutions Inc. (CNVRG +8.67% WoW), and SM Investments Corporation. (SM +5.94% WoW). The laggards were The Manila Electric Company (MER -7.05% WoW), JG Summit Holdings, Inc. (JGS -2.00%), and San Miguel Corporation (SMC -1.22% WoW).

For the week ahead, we might see a sideways move as the price action of the index can now be seen hitting its 200dMA resistance, with the RSI reading also a few points away from being overbought. On the other hand, no major catalyst in sight just like the previous week. That being said, we might see participation remain at decent levels.

Philippine Fixed Income

- The local bond market experienced another significant rally last week on the back of a well-participated 20-year auction, the government's reduced borrowing program for December, dovish remarks from monetary authorities, and a downtrend in global rates. GS yields dropped by 6 to 30 bps week-on-week, with outperformance seen in the belly to the long end of the curve.
- The Bureau of Treasury (BTr) released its borrowing schedule for December. It aims to raise a total of Php 135 billion, lower than the previous month's Php 215 billion, through the issuance of Treasury bills (Php 30 billion) and 5-, 12-, and 20-year Treasury bonds (Php 105 billion).
- November 21 and 22- Auction Results for Treasury Bills/Bonds:

Tenor	91D	182D	364D	FXTN 20-25
Average	4.375	4.921	5.142	8.012
Low	4.14	4.88	5.125	7.73
High	4.513	4.95	5.15	8.249
Bid to Cover	3.47	1.42	0.99	2.01
Volume	5,000.00	3,250.00	2,300.00	27,597.00

- November 23, 2022 – BSP Term Deposit Facility (TDF) Auction:

Tenor	7D	14D	28D
Average	5.4921	5.6635	-
Low	5.1	5.15	-
High	5.825	6	-
Bid to Cover	0.71	0.85	-
Volume	142,205.00	136,681.00	-

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 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 up 1.49% WoW (week on week) investors have parsed a bevy of economic data that somewhat eased inflation concerns, further strengthening the case for smaller rate hikes.
- European Equities are up 1.65% WoW capping their sixth week of gains, extending a rally fueled by expectations that the Federal Reserve will slow the pace of rate hikes.
- Asian Equities are up 0.96% WoW dragged down by Chinese stocks as protests against Covid curbs erupted across cities, casting a shadow over the nation's reopening path and putting investors on edge.

Major US equity indices are headed towards capping their second straight month of gains paring this year's selloff on concerns over tighter monetary policy and prospects for a recession. Key points to be watched this week include unemployment data and a speech by Fed Chair Jerome Powell. In China, protests spread over the weekend as citizens in Beijing and Shanghai took to the streets to express their anger on the nation's Covid controls, prompting investors to re-think investment plans after jumping back in on reopening hopes.

Global Fixed Income

- US Treasury yields declined by 8 to 18 bps over the past week as market participants factored in the dovish comments from the US Fed as shown from the latest FOMC minutes and subdued economic prospects as indicated by the lower manufacturing PMI and higher initial jobless claims. The 10-year yield was down by 14 bps to end the week at 3.68%. On the credit side, spreads were tighter by 4 to 20 bps week-on-week.
- Global policymakers have hinted at a slowdown in monetary policy tightening. Based on the latest Fed minutes, the majority of monetary authorities are in favor of delivering smaller rate increases moving forward. In the eurozone, ECB Chief Economist Philip Lane disclosed that while the central bank will continue its tightening, future policy rate hikes will be done at a more gradual pace.

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
11/28/2022	Eurozone	M3 Money Supply YoY	Oct
11/28/2022	US	Dallas Fed Manf. Activity	Nov
11/29/2022	Eurozone	Consumer Confidence	Nov F
11/29/2022	Japan	Jobless Rate	Oct
11/29/2022	Japan	Job-To-Applicant Ratio	Oct
11/29/2022	Japan	Retail Sales YoY	Oct
11/29/2022	Japan	Retail Sales MoM	Oct
11/29/2022	US	Conf. Board Consumer Confidence	Nov
11/29/2022	US	FHFA House Price Index MoM	Sep
11/30/2022	China	Manufacturing PMI	Nov
11/30/2022	China	Non-manufacturing PMI	Nov
11/30/2022	Eurozone	CPI MoM	Nov P
11/30/2022	Eurozone	CPI Estimate YoY	Nov
11/30/2022	Japan	Industrial Production MoM	Oct P
11/30/2022	Japan	Industrial Production YoY	Oct P
11/30/2022	Japan	Housing Starts YoY	Oct
11/30/2022	South Korea	Industrial Production YoY	Oct
11/30/2022	South Korea	Industrial Production SA MoM	Oct
11/30/2022	US	GDP Annualized QoQ	3Q S
11/30/2022	US	MBA Mortgage Applications	25-Nov
11/30/2022	US	ADP Employment Change	Nov
11/30/2022	US	MNI Chicago PMI	Nov
11/30/2022	US	Wholesale Inventories MoM	Oct P
11/30/2022	US	GDP Price Index	3Q S
11/30/2022	US	Pending Home Sales MoM	Oct
11/30/2022	US	Personal Consumption	3Q S
11/30/2022	US	Core PCE QoQ	3Q S
12/01/2022	China	Caixin China PMI Mfg	Nov
12/01/2022	Eurozone	S&P Global Eurozone Manufacturing PMI	Nov F
12/01/2022	Japan	Jibun Bank Japan PMI Mfg	Nov F
12/01/2022	Japan	Capital Spending YoY	3Q
12/01/2022	Japan	Vehicle Sales YoY	Nov
12/01/2022	South Korea	Exports YoY	Nov
12/01/2022	South Korea	S&P Global South Korea PMI Mfg	Nov
12/01/2022	South Korea	GDP YoY	3Q P
12/01/2022	South Korea	GDP SA QoQ	3Q P
12/01/2022	South Korea	Imports YoY	Nov
12/01/2022	US	Initial Jobless Claims	26-Nov

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