

# Weekly Market Snapshot

January 23, 2023

Index/ Bond	Index Level/Yield	WoW Change	WoW % Change
PSEi	7,056.62	105.08	1.51%
Dow Jones	33,375.49	-927.12	-2.70%
S&P500	3,972.61	-26.48	-0.66%
MSCI Asia ex-Japan	673.91	6.33	0.95%
MSCI Europe	151.78	-0.08	-0.05%
MSCI Emerging Market	1,036.24	6.40	0.62%
MSCI World Index	2,725.40	-10.32	-0.38%
S&P GSCI Commodity	3,545.93	62.80	1.80%
S&P Global REITs	638.86	-0.21	-0.03%
5Yr FXTN	5.86	-24 bps	
10Yr US Treasury	3.48	-2 bps	

Source: Bloomberg

## Philippine Equities

- The Philippine Stock Exchange Index (PSEi) closed up 1.51% at 7,056.62 week-on-week (WoW). The index ended last week higher, extending its weekly winning streak to 5 with foreign flows turning significantly supportive. The rest of Asia also advanced. Local shares did show signs of easing momentum later in the week after a strong start. Another notable event was President Marcos attending the World Economic Forum in Davos to attract investments into the agriculture and energy sectors.
- The index gainers for the week were GT Capital Holdings Inc. (GTCAP +6.85% WoW), Wilcon Depot, Inc. (WLCON +6.07% WoW), and Ayala Land (ALI +5.32% WoW). The laggards were Manila Electric Company (MER -5.93% WoW), Universal Robina Corporation (URC -3.20% WoW), and JG Summit Holdings (JGS -2.48% WoW).

For the week ahead, numerous macro data will be released; 4Q agriculture output, 4Q and FY2022 GDP data, and trade data. On the technical side, PCOMP may correct down to the 6,800 level.

## Philippine Fixed Income

- The local bond market continued its rally as market players expect slower rate increases from both the US Fed and the BSP. Bond yields edged lower by an average of 22 bps week-on-week. The market movement was also largely influenced by the strong primary auctions (3x to 4x oversubscribed) and the drop in US Treasury yields during the week.
- BSP Governor Medalla stated that the central bank's policy tightening will likely end within the first quarter, with 25 bp rate increases slated for the next policy meetings in February and March. The BSP chief also foresees the key rate to peak at 6.0% from the current 5.50%, in line with market expectations.
- January 16 and 17 - Auction Results for Treasury Bills/Bonds:

Tenor	91D	182D	364D	FXTN 20-25
Average	4.25	4.967	5.448	6.525
Low	4.23	4.95	5.429	6.49
High	4.27	4.989	5.493	6.6
Bid to Cover	3.26	3.04	2.87	3.83
Volume	5,000.00	5,000.00	5,000.00	49,000.00

- January 18 – BSP Term Deposit Facility (TDF) Auction:

Tenor	7D	14D	28D
Average	6.2973	6.3733	-
Low	6	6.15	-
High	6.4	6.5088	-
Bid to Cover	1.37	0.90	-
Volume	190,000.00	144,785.00	-

We expect the BSP to maintain a hawkish bias in the near term on the back of persistent inflationary pressures locally. 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 were down 0.66% for the week after shrugging off bad economic data earlier in the week which prompted investors to take profit following a strong start to the year. Risk appetite returned as market participants grow more optimistic about a prospect of a soft landing and the Federal Reserve pausing their hiking cycle.
- European equities closed up 1.82% as the milder-than-expected weather continues, softening the blow from the energy crisis over the last couple of months and improving the outlook for the economic health of the continent. Furthermore, market participants believe that the ECB will not hike as much as intended while also taking a cue from the Fed.
- Asian equities closed slightly positive, up 0.54% as the Chinese government reaffirmed its commitment this year towards economic growth while reiterating that it does not intend to lock down anymore. Risk sentiment was slightly muted following worries that the US economy was deteriorating faster than anticipated

We made no major changes to the composition of the portfolio as we wait for more data ahead of the FOMC meeting next week as our base case is for the Fed to remain bearish after shifting their focus more toward the labor market.

## Global Fixed Income

- Treasury yields further dropped by 2 to 8 bps week-on-week. Market participants assessed data releases over the past week which includes lower producer prices, abating retail sales, and weakening industrial production. The latest data will likely give monetary authorities more headroom to scale down on the pace of its upcoming rate increases. On the credit space, EM credits outperformed during the week as they tightened by 10 bps while IG and HY widened by 4 to 22 bps, respectively.
- Fed Governor Waller recently expressed that he favors a 25 bp rate increase at the upcoming Fed meeting. He further added that the Fed is almost close to achieving a sufficiently restrictive policy rate that can bring inflation back to the central bank's target.

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, sovereign bonds, and PH credits. We currently maintain a tactically underweight position for our portfolios.

## ECONOMIC RELEASES

Date	Country	Data	Period
01/23/2023	Eurozone	Consumer Confidence	Jan P
01/23/2023	Eurozone	Consumer Confidence	Jan P
01/23/2023	US	Leading Index	Dec
01/23/2023	US	Leading Index	Dec
01/24/2023	Eurozone	S&P Global Eurozone Manufacturing PMI	Jan P
01/24/2023	Eurozone	S&P Global Eurozone Composite PMI	Jan P
01/24/2023	Eurozone	S&P Global Eurozone Services PMI	Jan P
01/24/2023	Japan	Jibun Bank Japan PMI Mfg	Jan P
01/24/2023	Japan	Jibun Bank Japan PMI Services	Jan P
01/24/2023	Japan	Jibun Bank Japan PMI Composite	Jan P
01/24/2023	US	S&P Global US Manufacturing PMI	Jan P
01/24/2023	US	S&P Global US Composite PMI	Jan P
01/24/2023	US	S&P Global US Services PMI	Jan P
01/24/2023	US	Richmond Fed Manufact. Index	Jan
01/25/2023	US	MBA Mortgage Applications	20-Jan
01/26/2023	Japan	Machine Tool Orders YoY	Dec F
01/26/2023	Philippines	GDP YoY	4Q
01/26/2023	Philippines	Exports YoY	Dec
01/26/2023	Philippines	Trade Balance	Dec
01/26/2023	South Korea	GDP YoY	4Q P
01/26/2023	South Korea	GDP SA QoQ	4Q A
01/26/2023	US	Initial Jobless Claims	21-Jan
01/26/2023	US	GDP Annualized QoQ	4Q A
01/26/2023	US	Durable Goods Orders	Dec P
01/26/2023	US	New Home Sales	Dec
01/26/2023	US	Wholesale Inventories MoM	Dec P
01/26/2023	US	GDP Price Index	4Q A
01/26/2023	US	Durables Ex Transportation	Dec P
01/26/2023	US	Continuing Claims	14-Jan
01/26/2023	US	Personal Consumption	4Q A
01/26/2023	US	Core PCE QoQ	4Q A
01/26/2023	US	Chicago Fed Nat Activity Index	Dec
01/27/2023	Eurozone	M3 Money Supply YoY	Dec
01/27/2023	Japan	Tokyo CPI Ex-Fresh Food YoY	Jan
01/27/2023	Japan	Tokyo CPI YoY	Jan
01/27/2023	South Korea	Business Survey Manufacturing	Feb
01/27/2023	US	U. of Mich. Sentiment	Jan F
01/27/2023	US	Personal Income	Dec
01/27/2023	US	Personal Spending	Dec
01/27/2023	US	Pending Home Sales MoM	Dec