

# Weekly Market Snapshot

January 3, 2023

Index/ Bond	Index Level/Yield	WoW Change	WoW % Change
PSEi	6,566.39	25.36	0.39%
Dow Jones	33,147.25	-56.68	-0.17%
S&P500	3,839.50	-5.32	-0.14%
MSCI Asia ex-Japan	619.23	2.94	0.48%
MSCI Europe	142.50	-0.85	-0.59%
MSCI Emerging Market	956.38	1.60	0.17%
MSCI World Index	2,602.69	-2.50	-0.10%
S&P GSCI Commodity	3,495.77	27.44	0.79%
S&P Global REITs	604.38	0.66	0.11%
5Yr FXTN	6.41	-4 bps	
10Yr US Treasury	3.87	13 bps	

Source: Bloomberg

## Philippine Equities

- The Philippine Stock Exchange Index (PSEi) closed up 0.39% at 6,566.39 week-on-week (WoW). The index ended the year on a flat note while it declined -7.81% for the full year of 2022. Shares initially posted gains at the beginning of the week after the Christmas holiday then were unmoved throughout the next two sessions as they continued their consolidation above the technical 200-day moving average.
- Market volumes were expectedly soft at a daily average of PHP4.09b as foreign participation shrank to 30% of the market.
- The index gainers for the week were Converge ICT Solutions (CNVRG +14.08% WoW), PLDT Inc. (TEL +7.07% WoW), and Ayala Land (ALI +5.48% WoW). The laggards were Monde Nissin (MONDE -5.30% WoW, Megaworld Inc. (MEG -5.21% WoW), and International Container Terminal Services Inc. (ICT-1.96% WoW).

For the week ahead, we may see the index continue its consolidation mode and possibly attempt to close above the 6,600 level.

## Philippine Fixed Income

- Market activity was subdued given the shortened trading week. Yields of local government securities ended mixed during the last week of 2022, as the short to the belly of the curve resumed their uptrend while the ultra-long dipped marginally.
- The Bangko Sentral ng Pilipinas (BSP) forecasted December 2022 inflation to settle between 7.80% to 8.60%. Higher power rates along with costlier agricultural items and LPG likely contributed to elevated inflation for the month. Meanwhile, lower rice and petroleum prices combined with peso appreciation likely provided downward pressure to overall consumer prices.
- December 28 – BSP Term Deposit Facility (TDF) Auction:

Tenor	7D	14D	28D
Average	6.286	6.3803	-
Low	6.075	6.2	-
High	6.4	6.6	-
Bid to Cover	1.03	0.97	-
Volume	200,000.00	155,790.00	-

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 were down -0.26% for the week as risk appetite was waning over the concerns Chinese reopening had on potential restrictions to inbound visitors and the potential for inflation to spike again. US yields continuing their rise also added pressure to equity markets.
- European equities closed slightly negative, down -0.61% as rising bond yields across the Eurozone contributed to the decline in equities. Furthermore, some were worried that the Chinese reopening would prompt new restrictions on inbound visitors following Italian health authorities saying they will test all arrivals from China for Covid after discovering almost half of the passengers on two flights had the virus.
- Asian equities closed slightly positive, up 0.37% as Hong Kong removed limits on gatherings and testing for travelers in a further unwinding of its last major Covid rules. Xi Jinping said that China's fight against Covid will continue to face tough challenges and acknowledged the rare protests that occurred. Xi Jinping also outlined how the country was in a new phase of virus control, whilst Guangzhou said its outbreak had peaked

We had to sell one of our positions within the alternatives following a change to tax policy. We also increased our position in money market funds. We are watching out for the incoming labor data this week as well as the FOMC meeting minutes before deciding where to allocate further following the shortened trading week last week.

## Global Fixed Income

- Treasury yields climbed across the board, higher by 7 to 15 bps to end the last trading week of the year. Market participants mostly focused on the possibility of a recession, persistently high inflation, and monetary policy direction going into 2023. On the credit side, spreads were mixed, with EM as the outperformer as it tightened by 3 bps while IG and HY widened by 1 and 8 bps, respectively.
- The 10-year benchmark yield concluded 2022 at 3.90% from about 1.50% as of end-2021 – the largest annual increase since the 1960s. Moreover, based on data provided by Bloomberg, the Multiverse Index, which tracks sovereign and corporate debt, slumped by 16% - equivalent to \$9.60 trillion in market value terms. The move was mainly driven by the aggressive policy tightening of the US Fed to arrest inflation standing at multi-year highs.

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
01/03/2023	China	Caixin China PMI Mfg	Dec
01/03/2023	US	S&P Global US Manufacturing PMI	Dec F
01/03/2023	US	Construction Spending MoM	Nov
01/04/2023	Eurozone	S&P Global Eurozone Composite PMI	Dec F
01/04/2023	Eurozone	S&P Global Eurozone Services PMI	Dec F
01/04/2023	Japan	Jibun Bank Japan PMI Mfg	Dec F
01/04/2023	Japan	Vehicle Sales YoY	Dec
01/04/2023	US	ISM Manufacturing	Dec
01/04/2023	US	MBA Mortgage Applications	30-Dec
01/04/2023	US	ISM Prices Paid	Dec
01/05/2023	China	Trade Balance	Dec
01/05/2023	China	Exports YoY	Dec
01/05/2023	China	Imports YoY	Dec
01/05/2023	China	Caixin China PMI Services	Dec
01/05/2023	China	Caixin China PMI Composite	Dec
01/05/2023	Japan	Monetary Base YoY	Dec
01/05/2023	Philippines	CPI YoY 2018=100	Dec
01/05/2023	US	Initial Jobless Claims	31-Dec
01/05/2023	US	ADP Employment Change	Dec
01/05/2023	US	Trade Balance	Nov
01/05/2023	US	S&P Global US Services PMI	Dec F
01/05/2023	US	S&P Global US Composite PMI	Dec F
01/05/2023	US	Continuing Claims	24-Dec
01/06/2023	Eurozone	CPI MoM	Dec P
01/06/2023	Eurozone	CPI Estimate YoY	Dec
01/06/2023	Eurozone	Consumer Confidence	Dec F
01/06/2023	Eurozone	CPI Core YoY	Dec P
01/06/2023	Japan	Jibun Bank Japan PMI Services	Dec F
01/06/2023	Japan	Jibun Bank Japan PMI Composite	Dec F
01/06/2023	US	Change in Nonfarm Payrolls	Dec
01/06/2023	US	Durable Goods Orders	Nov F
01/06/2023	US	Unemployment Rate	Dec
01/06/2023	US	Factory Orders	Nov
01/06/2023	US	ISM Services Index	Dec
01/06/2023	US	Durables Ex Transportation	Nov F
01/06/2023	US	Change in Manufact. Payrolls	Dec
01/07/2023	China	Foreign Reserves	Dec
01/09/2023	China	CPI YoY	Dec
01/09/2023	China	PPI YoY	Dec
01/09/2023	China	Money Supply M2 YoY	Dec
01/09/2023	China	New Yuan Loans CNY	Dec
01/09/2023	Eurozone	Unemployment Rate	Nov
01/09/2023	Malaysia	Foreign Reserves	30-Dec
01/10/2023	China	Industrial Production YoY	Dec
01/10/2023	China	Retail Sales YoY	Dec
01/10/2023	China	Industrial Production YTD YoY	Dec
01/10/2023	China	Retail Sales YoY	Dec
01/10/2023	China	Industrial Production YTD YoY	Dec
01/10/2023	China	Fixed Assets Ex Rural YTD YoY	Dec
01/10/2023	Japan	Tokyo CPI Ex-Fresh Food YoY	Dec
01/10/2023	Japan	Tokyo CPI YoY	Dec

01/10/2023	Philippines	Exports YoY	Nov
01/10/2023	Philippines	Trade Balance	Nov
01/10/2023	South Korea	BoP Current Account Balance	Nov
01/10/2023	US	Wholesale Inventories MoM	Nov F
01/10/2023	US	NFIB Small Business Optimism	Dec

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