

# Weekly Market Snapshot

April 3, 2023

Index/ Bond	Index Level/Yield	WoW Change	WoW % Change
PSEi	6,499.68	-102.49	-1.55%
MSCI USA Index	3,904.80	135.18	3.59%
MSCI USA Tech Index	583.89	20.15	3.57%
MSCI Asia ex-Japan	644.53	9.45	1.49%
MSCI Europe	153.83	5.90	3.99%
MSCI Emerging Market	990.28	18.11	1.86%
MSCI World Index	2,791.44	98.89	3.67%
MSCI Commodity Producers Index	2,497.65	127.02	5.36%
MSCI World REITS Index	1,089.91	47.58	4.57%
5Yr FXTN	5.86	-15 bps	
10 Yr US Treasury	3.47	9 bps	

Source: Bloomberg

## Philippine Equities

- The Philippine Stock Exchange Index (PSEi) closed down 1.55% at 6,499.6802 week-on-week (WoW) as shares erased gains for both the week and the quarter during last Friday's session. The index started steadily around the 6,600 level and made gradual gains throughout the week until the 2.18% loss last Friday which brokered down below the 6,550-support following BSP Governor Medalla's pushback last night on the pausing of rate hikes in their next policy decision in May.
- The index gainers for the week were Wilcon Depot Inc. (WLCON +10.50% WoW), Semirara Mining & Power Corp (SCC +7.12% WoW), and International Container Terminal Services, Inc. (ICT +6.17% WoW). The laggards were Monde Nissin Corp (MONDE -11.30% WoW), Aboitiz Equity Ventures Inc (AEV -7.55% WoW), and Ayala Land Inc (ALI -6.53% WoW).

Up ahead we are looking at a shortened trading week. The key focus is the March CPI due on Wednesday, expected to have eased from 8.6% in February to 8.0%.

## Philippine Fixed Income

- Local bond yields mostly closed lower by 1 to 7 bps week-on-week, save for the 1Y and 10Y which rose by 9 bps and 3 bps, respectively. Market participants largely focused on the release of the borrowing schedule for April and the BSP's lower inflation forecast for March (7.40% to 8.20%). Players now anticipate the March inflation print which will be published on April 5. The market is expecting a deceleration from the previous month on the back of easing food and energy costs.
- The government will be borrowing a total of Php 160 billion in April, consisting of Php 60 billion in Treasury bills and Php 100 billion in Treasury bonds. The BTr will offer 3Y, 9Y, 13Y, and 7Y bonds during the month with a targeted issuance size of Php 25 billion per week, lower than the usual Php 35 billion weekly auction volume.

### March 27 and 28 - Auction Results for Treasury Bills/Bonds:

Tenor	91D	182D	364D	FXTN 07-68
Average	5.149	5.677	5.987	6.162
Low	5.149	5.65	5.95	6.05
High	5.149	5.693	6.023	6.2
Bid to Cover	1.21	1.13	2.32	1.34
Volume	1,428.00	2,125.00	5,000.00	25,000.00

### March 29 - BSP Term Deposit Facility (TDF) Auction:

Tenor	7D	14D	28D
Average	6.6563	6.6574	-
Low	6.55	6.572	-
High	6.7124	6.6985	-
Bid to Cover	1.24	1.26	-
Volume	140,000.00	100,000.00	-

We have adjusted to a neutral position for our portfolios given our positive view on inflation. Looking ahead, the BSP will likely continue its policy tightening but at a more gradual pace given its current commitment to price stability. 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 3.59% WoW (week on week). The broad-based risk-on rally continued with US equities recording their best week in more than four months as economic data pointed to cooling inflation, bolstering bets the central bank will pause its interest-rate hikes. The index is now up 7% YTD.
- European equities are up 5% WoW in USD terms. European equities trimmed MTD losses, as we saw German and Spanish inflation data undershooting expectations. Moving forward, markets still expect the ECB to continue hiking, which may halt expectations of European outperformance.
- Asia-Pacific equities are up 1.5% WoW as equities in Asia extended gains, for a second week. Most regional markets gained, led by Japan, India, Hong Kong, and South Korea. The index also received a last-minute boost as Chinese manufacturing data came in strong than expected last Friday.

For global equities, we continue to hold the Franklin Gold and Precious Metals Miners, iShares US Oil & Gas ETF, and the iShares MSCI ACWI ETF. Though our view is that the market might stay short-term bullish; given US economic indicators haven't rolled over materially, while also seeing a material decline in inflation. We believe that an OPEC cut into a strong Chinese economy might cause some pushback to the positive narrative we saw last week.

## Global Fixed Income

- Global bond yields surged over the past week as investor concerns largely eased. US Treasuries traded on a weaker footing, with yields soaring by as much as 30 bps week-on-week. Market players have now shifted their focus on inflation, moving away from recession concerns. In the credit space, spreads tightened across the board, with HY as the outperformer for the week.
  - The core personal consumption expenditures (PCE) price index, also known as the Fed's preferred inflation gauge, climbed by 0.30% in February. The latest figure is lower than the Dow Jones estimate of 0.40% and January's increase of 0.50%. On an annual basis, core PCE slowed to 4.60% in February from 4.70% in January.
- Given the recent series of events globally, we expect markets to remain volatile. Our portfolio continues to tactically trade treasuries, sovereign bonds, and PH credits. We currently maintain a tactically overweight position for our portfolios.

## ECONOMIC RELEASES

Date	Country	Data	Period
04/03/2023	China	Caixin China PMI Mfg	Mar
04/03/2023	Eurozone	S&P Global Eurozone Manufacturing PMI	Mar F
04/03/2023	Japan	Jibun Bank Japan PMI Mfg	Mar F
04/03/2023	Japan	Tankan Large Mfg Index	1Q
04/03/2023	Japan	Tankan Large All Industry Capex	1Q
04/03/2023	Japan	Tankan Large Mfg Outlook	1Q
04/03/2023	Japan	Tankan Large Non-Mfg Index	1Q
04/03/2023	Japan	Tankan Large Non-Mfg Outlook	1Q
04/03/2023	South Korea	S&P Global South Korea PMI Mfg	Mar
04/03/2023	US	ISM Manufacturing	Mar
04/03/2023	US	S&P Global US Manufacturing PMI	Mar F
04/03/2023	US	Construction Spending MoM	Feb
04/03/2023	US	ISM Prices Paid	Mar
04/04/2023	Japan	Monetary Base YoY	Mar
04/04/2023	South Korea	CPI YoY	Mar
04/04/2023	South Korea	CPI MoM	Mar
04/04/2023	US	Durable Goods Orders	Feb F
04/04/2023	US	Factory Orders	Feb
04/04/2023	US	Durables Ex Transportation	Feb F
04/05/2023	Eurozone	S&P Global Eurozone Composite PMI	Mar F
04/05/2023	Eurozone	S&P Global Eurozone Services PMI	Mar F
04/05/2023	Japan	Jibun Bank Japan PMI Services	Mar F
04/05/2023	Japan	Jibun Bank Japan PMI Composite	Mar F
04/05/2023	Philippines	CPI YoY 2018=100	Mar
04/05/2023	US	MBA Mortgage Applications	31-Mar
04/05/2023	US	ADP Employment Change	Mar
04/05/2023	US	Trade Balance	Feb
04/05/2023	US	ISM Services Index	Mar
04/05/2023	US	S&P Global US Services PMI	Mar F
04/05/2023	US	S&P Global US Composite PMI	Mar F
04/06/2023	China	Caixin China PMI Services	Mar
04/06/2023	China	Caixin China PMI Composite	Mar
04/06/2023	US	Initial Jobless Claims	1-Apr
04/06/2023	US	Continuing Claims	25-Mar
04/07/2023	China	Foreign Reserves	Mar
04/07/2023	Malaysia	Foreign Reserves	31-Mar
04/07/2023	South Korea	BoP Current Account Balance	Feb
04/07/2023	US	Change in Nonfarm Payrolls	Mar
04/07/2023	US	Unemployment Rate	Mar
04/07/2023	US	Change in Manufact. Payrolls	Mar