

March 8, 2018

LOCAL MARKETS

The local equities market saw some relief on the back of buying MOCs, while local fixed income yields fell following yesterday's TDF auction. Moreover, the peso slightly weakened against the US Dollar with the release of the BSP's international reserves position.

Key Events

- ✓ **Aboitiz Equity Ventures Inc. (PSE Ticker:AEV)** proposed Php 148Bn to upgrade and operate 4 regional airports in Iloilo, Bacolod-silay, Laguidingan, and Panglao, Bohol over a 35-year concession period. This proposal of Aboitiz is to support both the "Build,Build,Build" program and the growth of the Philippines' tourism industry.
- ✓ **Philippine Statistics Authority (PSA)** released the Labor Force Survey, which showed that unemployment rate fell to 5.3% in 2018 from 6.6% in 2017. However, underemployment increased to 18% in Jan 2018 from 16% in 2017. Labor participation rate in Jan 2018 rose to 62.2% from 60.7% in the same month last year.

Equities

- ✓ **The local equities market** traded in negative territory as investors digested the BSP's commentary where they said that the elevated February inflation is transitory and that it will fall within the 2-4% target in 2019. Bargain-hunting propelled buying market-on-close orders, which were able to push the index to close in the green. The PSEI ended at 8,404.70 (+0.53% DoD).

Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	-0.0085	3.4236	4 years	-0.1131	5.1369
3 months	+0.0089	3.4364	5 years	+0.1760	5.4926
6 months	+0.0911	3.6857	7 years	-0.1357	6.6125
1 year	-0.5004	3.0688	10 years	-0.1229	6.7475
2 years	+0.1049	4.3658	20 years	+0.1161	6.5799
3 years	+0.0090	4.4252			

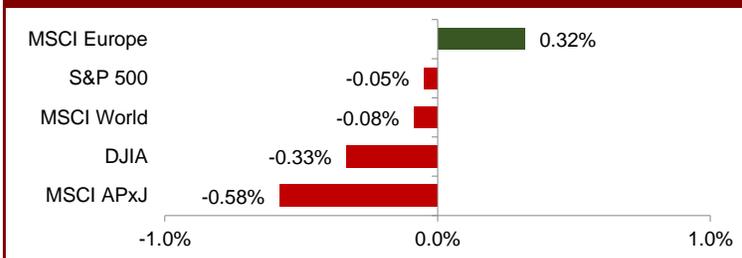
Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD	52.000	51.980	EUR/USD	1.2346	1.2435

OVERSEAS MARKETS

US equities declined while European equities climbed as the EU prepares its own set of tariffs in retaliation to Trump, while US Treasury yields slightly rose as the Fed sees moderate inflation due to wage lifts helped by the tight US labor market. Moreover, the US Dollar remained stable as FX investors closely follow developments in Trump's tariff plans.

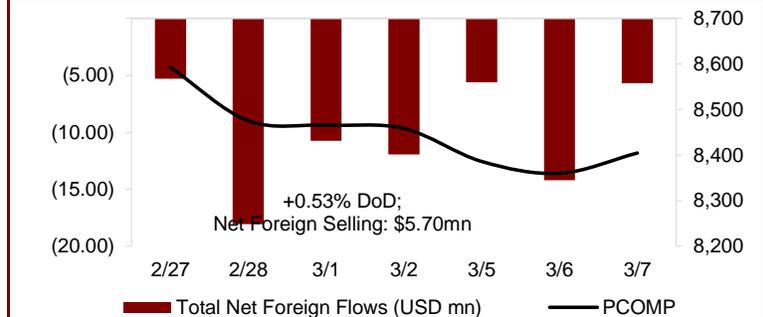
Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0127	1.6748	5 years	-0.0051	2.6485
6 months	+0.0052	1.8702	10 years	-0.0036	2.8827
2 years	+0.0020	2.2519	30 years	-0.0033	3.1498

PSEI Snapshot



Previous:	8,360.2	PSEI change:	0.53%
High:	8,404.7	Best:	RLC +4.53%
Low:	8,333.1	2nd best:	BDO +3.20%
Close:	8,404.7	2nd worst:	LTG -2.13%
Val. traded (mn):	4,363.8	Worst:	SCC -3.70%

Fixed Income

- ✓ **The local fixed income yields** fell following the TDF auction yesterday with banks tendering P166.8bn for the 7-, 14- and 28-day tenors. On average, the curve declined by 3.41 bps, led by the short end which fell 10.22 bps.

Philippine Peso

- ✓ **The Philippine peso** was marginally flat with a downward bias after the release of BSP's international reserves position which showed a relatively small change (-2.3%) in short-term external debt cover using residual maturity. The USD/PHP closed at 51.98, an effective -0.04% weakening of the peso against the greenback.

