

March 12, 2018

## LOCAL MARKETS

Domestic equities and the Philippine Peso were marginally flat last Friday as investors adopted a wait-and-see approach before the release of US nonfarm payrolls report. Meanwhile, the local fixed income yields climbed as the market positioned ahead of a Fed rate hike.

### Key Events

- ✓ **DMCI Holdings Inc. (PSE Ticker: DMC)** reported that it nearly doubled its newly awarded construction projects to Php 16bn in 2017 from Php 8.2bn in 2016. Factoring in the new contracts, DMC was able to record Php 25.4bn in its order book, a 26% increase from the year before.
- ✓ The **Bangko Sentral ng Pilipinas (BSP)** signed a new circular for banks with trust businesses to increase their basic security deposit from Php 300k to Php 500k. Meanwhile, Trust corporations would be subject to deposit 0.05% of the book value of its assets-under-management (AUM) but not less than Php 500k.

### Equities

- ✓ The **local equities** market declined albeit marginally as investors stayed on the sidelines ahead of the release of US jobs report on Friday. Net foreign selling amounted to US\$ 10.5mn day-on-day. The PSEI ended at 8,372.5 (-0.11% DoD).

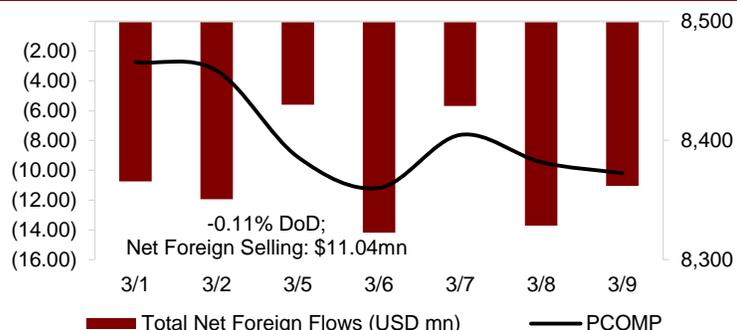
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	+0.8616	3.4232	4 years	+0.1109	5.1755
3 months	-0.0028	3.4390	5 years	-0.0272	5.4701
6 months	-0.0125	3.6821	7 years	-0.0285	6.6286
1 year	+0.2027	3.6629	10 years	+0.0023	5.9390
2 years	+0.0317	4.3328	20 years	+0.0292	6.6562
3 years	+0.7438	5.1964			

### Foreign Exchange

	Previous	Close		Previous	Close
<b>PHP/USD</b>	52.030	52.030	<b>EUR/USD</b>	1.2379	1.2307

### PSEI Snapshot



<b>Previous:</b>	8,381.9	<b>PSEI change:</b>	-0.11%
<b>High:</b>	8,409.8	<b>Best:</b>	FGEN +7.61%
<b>Low:</b>	8,367.6	<b>2nd best:</b>	AEV +1.43%
<b>Close:</b>	8,372.5	<b>2nd worst:</b>	LTG -1.99%
<b>Val. traded (mn):</b>	3,659.5	<b>Worst:</b>	RLC -4.02%

### Fixed Income

- ✓ The **local fixed income yields** ended higher in anticipation of the release of US nonfarm payrolls report. Investors are concerned that the Fed will hike rates faster than the BSP should the economic data point to strong inflationary pressure. On average, the curve rose by 17.37 bps, led by the short end of the curve which rose 26.23 bps.

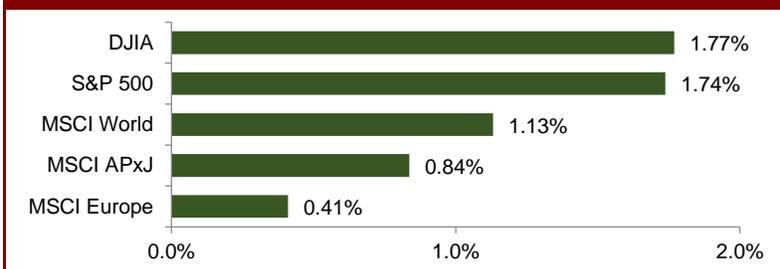
### Philippine Peso

- ✓ The **Philippine Peso** was flat as the high remittances from OFWs offset continued foreign selling of domestic stocks. However, BSP Governor Nestor Espenilla warned that the looming trade war might negatively affect remittances and the outsourcing industry in the near future. The USD/PHP pair closed at 52.03 (+0.00% DoD).

## OVERSEAS MARKETS

Global equities and US Treasury yields climbed and the US Dollar declined slightly as the February jobs report showed higher-than-expected increase in payrolls and muted wage growth in the US, easing concerns over increasing inflationary pressure.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0049	1.6592	5 years	+0.0202	2.6502
6 months	-0.0029	1.8672	10 years	+0.0367	2.8938
2 years	+0.0082	2.2580	30 years	+0.0362	3.1580

- ✓ **US equities** continued to rise on uplifted sentiment over concerns on inflationary pressures, due to a higher-than-expected nonfarm payroll figure for February (act.: 313k, cons.: 205k) coupled with a slower than expected increase in wages (act.: 2.6%, cons.: 2.8%). The DJIA closed at 25,335.74 (+1.77% DoD) while the S&P 500 ended at 2,786.57 (+1.74% DoD).
- ✓ **European equities** were up on upbeat US economic data releases, with a moderation in wage growth hinting at a more gradual pace towards policy normalization. The MSCI Europe closed at 127.41 (+0.41% DoD).
- ✓ **Asian stocks** climbed higher, mirroring its US counterparts over optimism on the recent US jobs figure and as the US imposition of tariffs remains to be open to discussion. The MSCI APxJ ended at 580.79 (+0.84% DoD).
- ✓ **US Treasury yields** rose after the labor market report in February presented a stronger-than-expected increase in payrolls but subdued wage gains. On average, yields went up 1.72 bps, with the 10-year increasing 3.67 bps.
- ✓ The **US Dollar** declined slightly amid easing concerns about rising inflationary pressures after the positive results of the February jobs report. The DXY closed at 90.093 (-0.10% DoD).

