

March 15, 2018

## LOCAL MARKETS

Local equities and the Philippine Peso fell amid risk-off sentiment driven by recent political events in United States. Meanwhile, local fixed income yields advanced following the strong demand for the 7-, 14- and 28-day tenor TDFs during yesterday's auction.

### Key Events

- ✓ **Petron Corporation (PSE Ticker:PCOR)** announced an increase in their consolidated net income of Php14.1 Bn in 2017 from Php10.8 Bn in 2016. The increase in consolidated net income was driven by strong sales volumes and continued focus on high-value segments in its Philippines and Malaysia operations.
- ✓ **Bangko Sentral ng Pilipinas (BSP)** posted a continuous increase of term deposit facility (TDF) rates after the auction yesterday. And reported an oversubscription of the 7-day, 14-day and 28-day TDF bidding P145.8 bn for Php110 Bn pesos offering.

### Equities

- ✓ The **local equities market** dropped with the rest of Asia after US President Donald Trump sacked Secretary of State Rex Tillerson, thereby escalating worries over a possible trade war. Local investors are also repositioning ahead of the looming SROs. The PSEi closed at 8348.74 (-0.84% DoD).

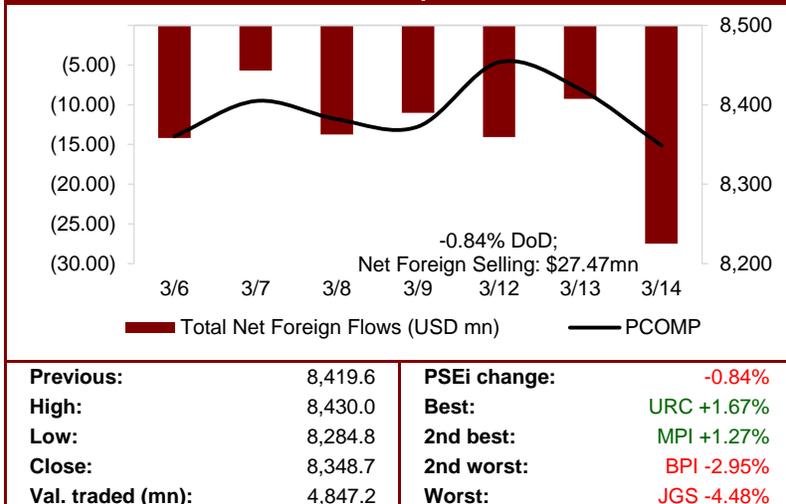
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	-0.0086	2.5710	4 years	+0.2686	5.4921
3 months	+0.0562	2.9739	5 years	+0.0681	5.5850
6 months	+0.0373	3.1048	7 years	+0.2857	6.9839
1 year	+0.1215	3.1487	10 years	+0.3588	6.4814
2 years	+0.0196	4.3588	20 years	+0.0339	7.1232
3 years	+0.1895	4.5895			

### Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD	52.040	52.070	EUR/USD	1.2330	1.2374

### PSEi Snapshot



### Fixed Income

- ✓ **Local fixed income yields** rose in light of the strong demand for the term deposit facility (TDF) auction yesterday, wherein the BSP sold Php110bn worth of 7-, 14-, and 28-day tenors. On average, the curve rose by 13.01 bps, led by the long-end of the curve which jumped 22.61 bps to 6.4814%.

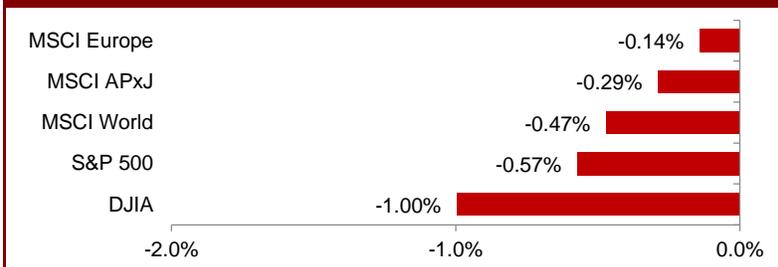
### Philippine Peso

- ✓ **The Philippine Peso** depreciated slightly against the USD on the back of net foreign selling in the local equities market. The USD/PHP pair closed at 52.07, an effective 0.06 decline of the peso against the greenback.

## OVERSEAS MARKETS

Global equities declined as Trump continued to stoke fears of a trade amid his plan to significantly reduce the US trade deficit with China. US Treasury yields flattened, while the US Dollar remained steady on dampening inflation expectations following the decline in US retail sales for the third straight month.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0459	1.7489	5 years	-0.0084	2.6097
6 months	+0.0542	1.9399	10 years	-0.0256	2.8170
2 years	+0.0041	2.2580	30 years	-0.0413	3.0568

- ✓ **US equities** declined on brewing trade war fears as President Trump seeks to impose strict tariffs of up to \$60bn on Chinese imports following an investigation into intellectual property theft. The DJIA closed at 24,758.12 (-1.00% DoD) while the S&P 500 ended at 2,749.48 (-0.57% DoD).
- ✓ **European equities** were down as President Trump's rhetoric on trimming the US deficit with China by \$100bn via tariffs reignited uncertainties over a trade war. The MSCI Europe closed at 126.28 (-0.14% DoD).
- ✓ **Asian stocks** ended lower, tracking their US counterparts on the release of a lower-than-expected Feb retail sales print (act.: -0.1% MoM, cons.: +0.3% MoM) and on renewed fears of a trade war. The MSCI APxJ ended at 588.55 (-0.29% DoD).
- ✓ **US Treasury yields** flattened on dampening inflation expectations following the Commerce Dept report of a decline in retail sales for the third straight month in February. On average, yields marginally rose by 0.48 bps, with the 10-year declining 2.56 bps to 2.817%.
- ✓ **The US Dollar** was steady as Trump further stoked fears of a trade war, announcing that his administration will seek to trim the US trade deficit with China by \$100bn. The DXY closed at 89.704 (+0.04% DoD).

