

March 21, 2018

## LOCAL MARKETS

Local equities edged lower, dragged by a surprise accelerated overnight placement of Php8.5mn Ayala Corporation shares. Local fixed income yields rose, while the peso weakened ahead of BSP and United States' Federal Reserve policy meetings.

### Key Events

- ✓ **Semirara Mining and Power Corporation's (PSE Ticker: SCC)** wholly-owned subsidiary, Southwest Luzon Power Generation Corporation (SLPGC), has been issued a Certificate of Compliance by the Energy Regulatory Commission (ERC) for Modular Gas Turbine Power Plant units 3 and 4 located in Batangas. SLPGC is intended to provide ancillary services, and is now in the final stage of negotiation with National Grid Corporation of the Philippines (NGCP) for an ancillary service contract.
- ✓ The **Bureau of the Treasury** announced the result of the recently concluded 10-year Treasury bond auction, with Php7.99bn worth sold with an average yield of 6.184%, and bids totalling Php 22.8 Bn. Dealers sought higher rates ahead of policy meetings of the Fed and the BSP this week.

### Equities

- ✓ **Local equities** edged lower, dragged by a surprise accelerated overnight placement of Php8.5mn Ayala Corporation shares. Additional selling may also have pursued due to the upcoming Metrobank SRO starting on March 22. The PSEi fell by 2.14% to 8,059.60.

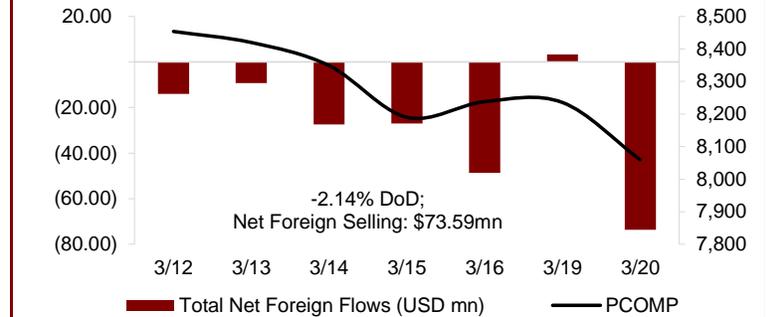
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	-0.6131	2.5494	4 years	-0.0941	5.3535
3 months	-0.0361	2.9283	5 years	-0.0327	5.4872
6 months	+0.3117	3.3150	7 years	+0.2732	7.0607
1 year	+1.0189	4.0589	10 years	-0.0184	6.0685
2 years	-0.0424	4.2559	20 years	+0.5086	7.2339
3 years	+0.1818	4.7269			

### Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD	52.100	52.080	EUR/USD	1.2293	1.2312

### PSEi Snapshot



<b>Previous:</b>	8,235.5	<b>PSEi change:</b>	-2.14%
<b>High:</b>	8,180.3	<b>Best:</b>	SM +0.90%
<b>Low:</b>	8,015.5	<b>2nd best:</b>	RRHI 0.00%
<b>Close:</b>	8,059.6	<b>2nd worst:</b>	RLC -5.76%
<b>Val. traded (mn):</b>	6,417.5	<b>Worst:</b>	AC -7.23%

### Fixed Income

- ✓ **Local fixed income yields** rose and steepened ahead of the policy meetings by the BSP and the United States' Federal Reserve. On average, the curve moved up by 13.25bps, led by the long end rising by 25.45 bps.

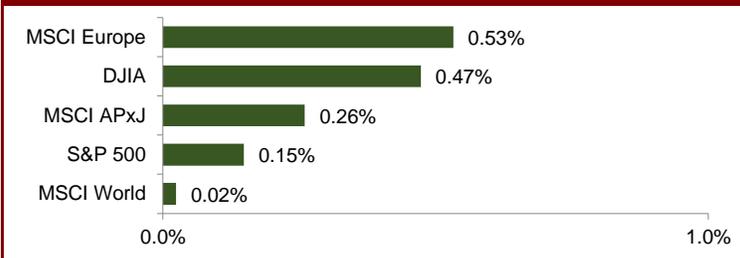
### Philippine Peso

- ✓ The **Philippine Peso** continued to depreciate as market participants are expecting dovish rhetoric from the BSP during its policy meeting this Thursday (03/22/18). The USD/PHP pair depreciated, closing at 52.08 (-0.04%DoD).

## OVERSEAS MARKETS

All global equity indices climbed, albeit only marginally along with US Treasuries, and the US Dollar on the back of rising oil prices and anticipation of a rate hike in the FOMC meeting.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0312	1.7874	5 years	+0.0409	2.6962
6 months	+0.0031	1.9580	10 years	+0.0404	2.8959
2 years	+0.0373	2.3448	30 years	+0.0442	3.1301

- ✓ **US equities** rose buoyed by higher oil prices providing support to the energy sector. The DJIA ended at 24,727.27 (+0.47% DoD) while the S&P 500 closed at 2,716.94 (+0.15% DoD).
- ✓ **European equities** closed higher amid the mild weakening of the Euro, following the release of weaker-than-expected economic data in Germany (Act: 5.1 vs. Cons.:13). The MSCI Europe rose to 126.51 (+0.53%).
- ✓ **Asian equities** ended mixed as investors braced for Jerome Powell's first FOMC meeting, wherein markets will start to look for cues on the number of rate hikes planned this year, as well as possible movements on the Fed's dot plot. The MSCI APxJ closed at 584.64 (+0.26% DoD).
- ✓ **US Treasury yields** rose slightly amid range trading, as the markets turned their eyes on the FOMC meeting, wherein the Fed might signal the plausibility of a more aggressive stance on monetary policy. A 25bp rate hike during the meeting is widely expected, and has been fully priced-in. On average, the curve went up 3.29 bps, with the 10Y increasing by 4.04 bps to close at 2.8959.
- ✓ The **US Dollar** firmed ahead of the FOMC meeting as market participants look ahead to the Fed's long-term outlook on rate hikes. The DXY closed at 90.371 (+0.68% DoD).

