

March 27, 2018

LOCAL MARKETS

The local equities market fell, as it mimicked the movement from other overseas markets. Local fixed income yields rose amid strong demand for the 91-, 182-, and 364-day papers during the t-bill auction, which also in turn provided some relief to the Peso.

Key Events

- ✓ **Megaworld Corporation (PSE Tikcer: MEG)** announced a net income of Php 13.3 Bn in 2017 from Php 11.7 Bn in 2016. The 13.4% increase in net income was mainly driven by the strong performance of its key businesses in residential and hotel developments, office, as well as commercial space leasing in malls and shopping centers.
- ✓ **The BSP's Consumer Expectations Survey (CES)** results showed that net confidence score in 1Q18 declined to 1.7% from 4Q17's 9.5% and 1Q17's 8.7%, the lowest level since the -6.4% registered in 2Q16. The waning of confidence was due to anticipated increase in inflation, poor harvest, rising household debt, and occurrence of typhoons. Confidence for the next quarter and the next 12M also registered declines, from 17.5% a quarter ago to 8.8%, and 24% from 32% a quarter ago, respectively.

Equities

- ✓ The **local equities market** declined as it tracked the movement of its overseas counterparts, whose movements were driven by risk-off sentiment amid continued trade war fears. However, losses were pared following news later in the day, saying that US and China started talking to avoid a trade war. The PSEi ended at 7,932.40 (-0.48% DoD).

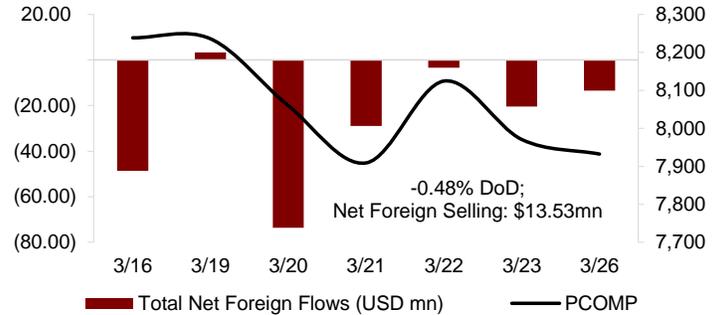
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	-0.1845	3.0619	4 years	-0.0012	4.9660
3 months	+0.0098	3.2768	5 years	+0.0545	5.2161
6 months	+0.0011	3.3082	7 years	-0.0397	6.7089
1 year	+1.1389	4.1389	10 years	-0.0249	5.9488
2 years	+0.0219	4.1563	20 years	+0.1307	7.3196
3 years	+0.2092	4.5691			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD	52.390	52.215	EUR/USD	1.2353
				1.2403

PSEi Snapshot



Previous:	7,970.8	PSEi change:	-0.48%
High:	7,949.6	Best:	PCOR +3.69%
Low:	7,834.1	2nd best:	AC +3.49%
Close:	7,932.4	2nd worst:	ICT -2.91%
Val. traded (mn):	4,013.9	Worst:	DMC -5.24%

Fixed Income

- ✓ **Local fixed income yields** rose, led by the short-end of the curve, amid strong demand for 91-, 182-, and 364-day t-bills during yesterday's auction. On average, the curve went up 11.96bps, with the short-end rising 24.13 bps.

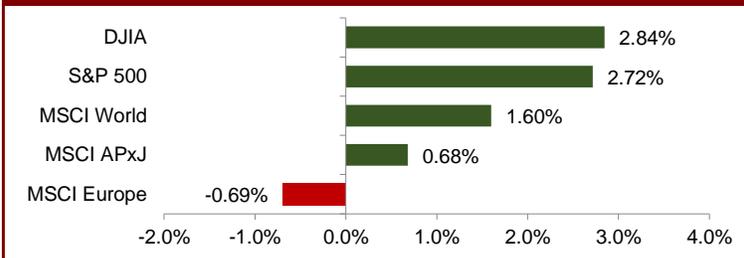
Philippine Peso

- ✓ The **Philippine peso** saw a slight appreciation owing to subdued volumes, coupled with the oversubscription during yesterday's t-bill auction. The USD/PHP pair closed at 52.215, a 0.33% appreciation of the peso against the Dollar.

OVERSEAS MARKETS

Global equities generally climbed as US equities bounced back due to an improvement in risk appetites, following news of US and China quietly holding trade talks. Moreover, US Treasury yields climbed and the Dollar continued its decline as investor demand for safe havens ease amid abating trade tensions.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0229	1.7383	5 years	+0.0408	2.6401
6 months	+0.0128	1.9110	10 years	+0.0385	2.8520
2 years	+0.0166	2.2704	30 years	+0.0251	3.0859

- ✓ **US equities** rose sharply as global trade tensions started to wane following negotiations between the US and China. The DJIA rose to 24,202.60 (+2.84% DoD), while the S&P 500 closed at 2,658.55 (+2.72% DoD).
- ✓ **European equities** edged lower amid a strengthening Euro, as German Central Bank President Jens Weidmann - a current prospect to be the next ECB President, had a hawkish tone on policy normalization. The MSCI Europe ended at 122.39 (-0.69% DoD).
- ✓ **Asian equities** bounced back, mirroring the easing of risk-off sentiment as markets become hopeful that the US and China will reach an agreement to avoid tariffs. The MSCI APxJ declined to 568.67 (+0.68% DoD).
- ✓ **US Treasury yields** climbed as investor demand for safe havens eased following news of US and China quietly holding trade talks after mutual tariff threats. On average, the curve went down by 2.61 bps with the 10Y rising 3.85bps to close at 2.852.
- ✓ The **US Dollar** continued its decline, falling to a five-week low, amid improving sentiment as the US and China starts negotiations on trade. The DXY closed at 89.027 (-0.46% DoD).

