

March 28, 2018

LOCAL MARKETS

The local equities market rebounded as risk on escalating trade tensions wanes. Local fixed income yields declined ahead of the planned increase in bonds and bills issuance by the BTr in 2Q18, while the Philippine Peso reversed gains owing to the renewed strengthening of the US Dollar.

Key Events

- ✓ **Cebu Pacific (PSE Ticker: CEB)** hauled in Php68 billion in revenues for 2017, up 9.9% from the preceding year while netting Php7.9 billion in earnings. Earnings was down 18.9% in the same period last year, largely due to operating expenses shooting up 16.6% amid rising fuel prices.
- ✓ **The Bureau of Treasury (BTr)** announced that it will auction off Php195 billion in Treasury bills (T-bills) and Php130 billion worth of Treasury bonds (T-bonds) in the next three months. The planned borrowing for the April-June period is higher than the Php240 billion it offered in the first quarter and is more than the Php180 billion placed on the auction block in the same quarter last year.

Equities

- ✓ The **local equities market** staged a rebound, inspired by the nearly 3% rally in Wall Street amid easing worries over a trade war between the US and China. The PSEi added 114.65 points to close at 8,047 (+1.45% DoD).

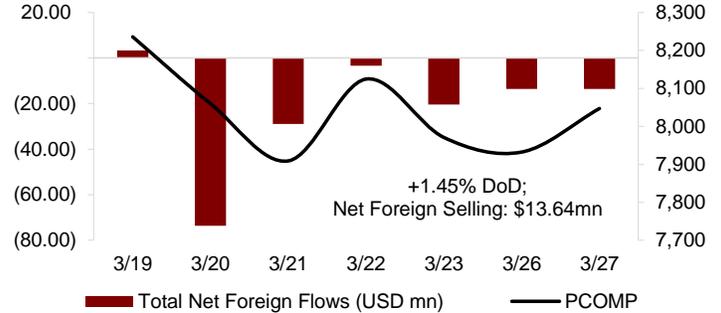
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	-0.2682	2.7937	4 years	+0.1004	5.0664
3 months	-0.2571	3.0197	5 years	+0.0922	5.3083
6 months	+0.2222	3.5304	7 years	+0.0090	6.7179
1 year	-1.0446	3.0943	10 years	+0.0429	5.9917
2 years	+0.0688	4.2251	20 years	-0.6854	6.6342
3 years	-0.0485	4.5206			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD	52.215	52.320	EUR/USD	1.2403

PSEi Snapshot



Previous:	7,932.4	PSEi change:	1.45%
High:	8,047.0	Best:	BPI +5.22%
Low:	7,947.2	2nd best:	MBT +3.37%
Close:	8,047.0	2nd worst:	JGS -0.47%
Val. traded (mn):	4,168.3	Worst:	SECB -1.06%

Fixed Income

- ✓ **Local fixed income yields** declined ahead of the Bureau of Treasury's plans to issue Php325 billion worth of bonds and bills in 2Q, which is 35% higher than expected. On average, the curve went down 16.08bps, led by the short-end, which declined 33.69 bps.

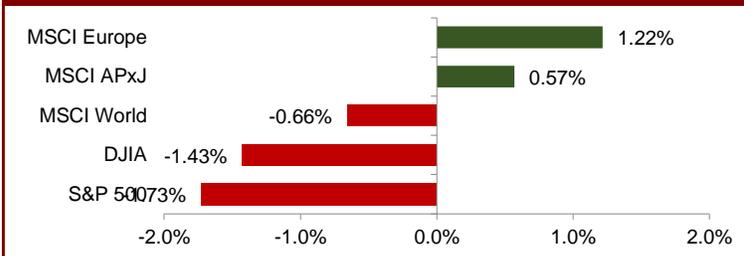
Philippine Peso

- ✓ The **Philippine peso** pared gains owing to the rebound of the US Dollar. Volumes were also muted on the back of the short work week. The USD/PHP pair ended at 52.32, a 0.20% depreciation of the Peso against the greenback.

OVERSEAS MARKETS

Global equities generally climbed as the US-China trade talks continue to progress, although the US indices fell as Trump may impose restrictions on Chinese investments in US technologies. Moreover, the US Treasury rose following a 5-year UST auction, while the US Dollar strengthened on a weaker-than expected Eurozone consumer confidence figure.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0133	1.7516	5 years	-0.0731	2.5670
6 months	+0.0160	1.9270	10 years	-0.0767	2.7753
2 years	-0.0063	2.2641	30 years	-0.0573	3.0286

- ✓ **US equities** fell sharply following rhetoric from the Trump administration regarding a crackdown on Chinese investments in US technologies that the US deems sensitive. The DJIA rose to 23,857.71 (-1.43% DoD), while the S&P 500 closed at 2,612.62 (-1.73% DoD).
- ✓ **European equities** rose following release of upbeat consumer confidence results clocking in at 117.5 from 115.6 the previous month (est. 115). The MSCI Europe closed at 123.88 (+1.22% DoD).
- ✓ **Asian equities** continued to rise on optimism over the continuing US and China negotiations, while Chinese Premier Li Keqiang pledged to ease access for American businesses into the Chinese market. The MSCI APxJ declined to 571.90 (+0.57% DoD).
- ✓ **US Treasury yields** declined following the Treasury Department's 5-year note auction amounting to \$35bn. This is intended to finance President Trump's \$1.3tn budget. On average, yields fell 3.07 bps with the 10Y dropping 7.67 bps to 2.7753%.
- ✓ The **US Dollar** gained after Eurozone's economic confidence indicator dropped to 112.6 in March from 114.2 in February. The DXY closed at 89.372 (+0.39% DoD).

