

April 3, 2018

## LOCAL MARKETS

The local equities market marginally rose on the back of bargain hunting. On the other hand, fixed income yields rose, particularly on the short- and long-ends of the curve as the interest rate and inflation outlook remains hawkish. Similarly, the Philippine peso lost ground as global trade concerns loomed.

### Key Events

- ✓ **Aboitiz Power Corporation (PSE Ticker: AP)** launched a rooftop solar venture through a new business unit called Aboitiz Power Distributed Energy, Inc. which is already looking at completing several key projects in Luzon and Visayas in 2018. The company aims to integrate closely with the group's existing open access customers.
- ✓ The **Bureau of Treasury (BTr)** rejected all bids for the 182- and 364-day Treasury bills (T-bill) while 91-day securities were partially awarded during yesterday's auction. The T-bill auction was undersubscribed, as total tenders worth Php9.91 Bn fell short of the Php15 Bn offering. The 91-day T-bill fetched an average yield of 3.191%, raising a total of Php3.265 Bn.

### Equities

- ✓ The **local equities** market ended flat with a slight upward bias as investors engaged in some bargain hunting. Nonetheless, upward momentum was capped as capital-raising overhang remains, particularly in the banking sector. The PSEi closed at 8,039.45 (+0.75% DoD).

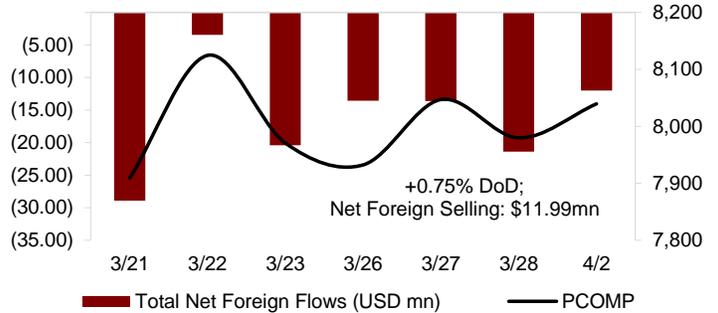
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	+0.0157	3.3014	4 years	-0.0427	4.9752
3 months	-0.0169	3.0554	5 years	-0.0136	5.2267
6 months	-0.0370	3.1693	7 years	-0.0393	6.6982
1 year	+1.0579	4.1329	10 years	+0.7639	6.7639
2 years	-0.0441	4.1172	20 years	+0.0304	7.1929
3 years	-0.0260	4.5838			

### Foreign Exchange

	Previous	Close	Previous	Close
<b>PHP/USD</b>	52.160	52.035	<b>EUR/USD</b>	1.2324

### PSEi Snapshot



<b>Previous:</b>	7,979.8	<b>PSEi change:</b>	0.75%
<b>High:</b>	8,039.5	<b>Best:</b>	LTG +4.89%
<b>Low:</b>	7,944.9	<b>2nd best:</b>	DMC +4.28%
<b>Close:</b>	8,039.5	<b>2nd worst:</b>	ICT -2.00%
<b>Val. traded (mn):</b>	2,906.8	<b>Worst:</b>	AC -2.64%

### Fixed Income

- ✓ **Local fixed income yields** rose on the first day of second-quarter trading. The 1YR and 10YR yields ended at 4.13 and 6.76%, respectively. On average, yields rose 14.98 bps, led by the short and long-end which rose 25.49 bps and 25.17 bps, respectively. Conversely, the belly of the curve fell by 3.16 bps.

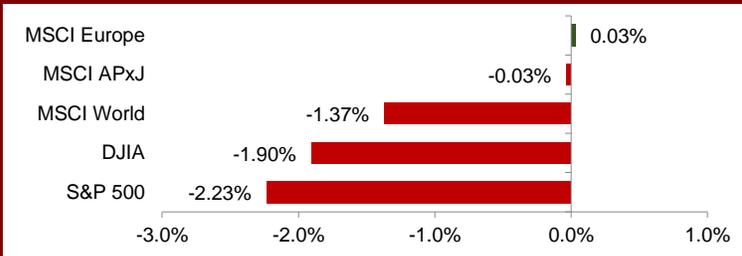
### Philippine Peso

- ✓ The **Philippine peso** weakened despite generally strong local economic data releases as global trade tensions encouraged flows to safe haven assets. The PHP/USD increased 0.24% DoD, ending at 52.035.

## OVERSEAS MARKETS

While most European equity markets were closed for the holidays, US stocks tumbled due to trade concerns and a tech selloff. Asian stocks were flat despite the recent focus on trade taxation. The flight to safe-haven assets boosted US Treasuries, while the US dollar strengthened amid thin trading.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0152	1.7153	5 years	-0.0151	2.5469
6 months	-0.0053	1.9084	10 years	-0.0091	2.7298
2 years	-0.0202	2.2459	30 years	-0.0118	2.9619

- ✓ **US equities** plunged as volatility took center stage, incited by trade policy uncertainty and a broad selloff in technology stocks. China's retaliatory tariffs against US goods contributed to trade uncertainty, while tech weakness may have been exacerbated by Trump's comments against Amazon. The DJIA and S&P 500 closed at 23,644.19 (-1.90% DoD) and 2,581.88 (-2.23% DoD), respectively.
- ✓ **European equities** were flat on Monday, with most markets closed for the holidays. The MSCI Europe Index closed at 125.05 (+0.03% DoD).
- ✓ **Asian equities** were flat as investors looked beyond China's announcement of imposing tariffs on US goods. The Chinese SHCOMP Index gained 0.18%, while the MSCI APxJ Index closed at 563.77 (-0.03% DoD).
- ✓ **US Treasury yields** fell on safe-haven buying after a broad stock selloff shook equity markets. On average, yields fell 0.77 bps, with the benchmark 10YR yield down 0.91 bps to 2.7298%.
- ✓ The **US dollar** ended flat with a slight upward bias amid thin trading. The release of solid economic data may have supported the dollar's price (Markit US Manufacturing PMI hitting a 3-year high, and ISM prices paid coming in above expectations). The DXY ended at 90.052 (+0.09% DoD).

