

April 13, 2018

## LOCAL MARKETS

Net foreign buying, boosted by slightly higher global investor confidence, led to a rise in the local equity market. Meanwhile, local fixed income yields fell on bargain hunting after yesterday's sharp rise in the long end. The Philippine peso remained relatively flat amid uncertainty, especially regarding potential policy rate shifts this quarter.

### Key Events

- Metropolitan Bank and Trust Corporation (PSE Ticker: MBT) announced that it has completed its stock rights offer (SRO) of PHP 60 bn, having sold 799.8 mn common shares at PHP 75/share. The proceeds from the capital raising will be used for loan expansion across the various segments of the economy, leveraging on MBT's sales and distribution network, and will also be used to fund the acquisition of the remaining 20% stake of ANZ Funds Pty. Ltd. (ANZ).
- The Philippine Statistics Authority (PSA) reported that 4Q2017 Philippine GDP was revised downward to 6.5% from 6.6%. The main contributors to the downward revision were trade and repair of motor vehicles, motorcycles, personal and household goods, financial intermediation, and other services.

### Equities

- The local equities market rose, capping the recent flat performance, as net foreign selling reversed into USD2.94 mn net foreign buying. Investor sentiment slightly improved across the globe as various indices hit key support levels, boosting the local index performance amid the risk-on appetite. The PSEi closed at 8,043.1 (+1.25% DoD).

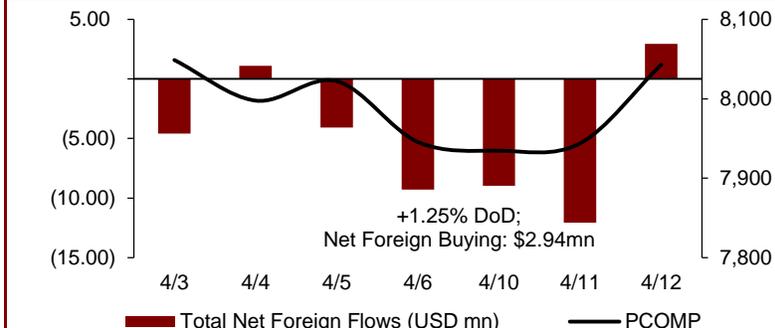
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	+0.0085	3.6518	4 years	-0.0675	4.9722
3 months	-0.0173	3.2969	5 years	-0.0008	5.2074
6 months	-0.4514	3.3575	7 years	-1.0790	5.7353
1 year	+0.1081	3.4474	10 years	-0.9036	6.1000
2 years	+0.0135	4.2221	20 years	-0.0143	6.4927
3 years	+0.0244	4.5933			

### Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD	51.945	52.030	EUR/USD	1.2375	1.2273

### PSEi Snapshot



Previous:	7,943.9	PSEi change:	1.25%
High:	8,043.1	Best:	SCC +5.16%
Low:	7,951.1	2nd best:	BPI +5.01%
Close:	8,043.1	2nd worst:	MER -0.91%
Val. traded (mn):	3,342.1	Worst:	RRHI -3.86%

### Fixed Income

- Local fixed income yields declined, led in particular by the long end, which fell 66.56 bps. The flattening was driven by bargain hunting after yesterday's drop in prices at the long end. On average, yields fell 21.63 bps.

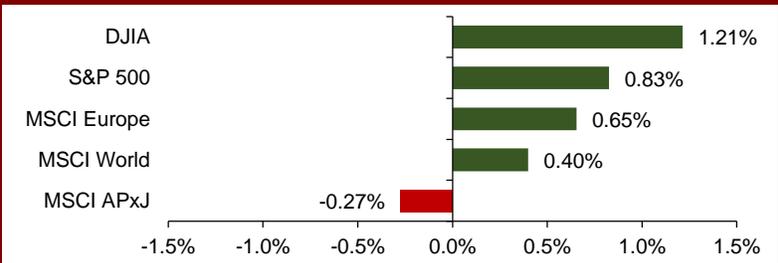
### Philippine peso

- The Philippine peso was flat, as investors wait for more clarity on a potential policy rate hike this quarter or later. Recent jobs data out of the US further complicates expectations on the interest rate differential. The PHP/USD gained 0.16% DoD, ending at 52.030.

## OVERSEAS MARKETS

Asian markets fell due to the geopolitical risk from Trump's threat to attack Syria. However, a tweet by Trump that released after Asian markets closed suggested that he might reconsider military action, spurring risk-on sentiment and driving US and European equity markets higher. This sentiment spilled over into fixed-income and currencies, pushing US Treasury yields and the US dollar higher.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0229	1.7437	5 years	+0.0578	2.6707
6 months	+0.0154	1.9398	10 years	+0.0550	2.8358
2 years	+0.0410	2.3480	30 years	+0.0480	3.0431

- US equities jumped after worries about Trump's threat to attack Syria moderated, and as investors shift their focus to the beginning of an earnings season that is expected to be strong. The DJIA gained 1.21% DoD, closing at 24,483.05; the S&P 500 rose 0.83% to 2,663.99.
- European equities rose with a perceived decrease in geopolitical risk, and after the release of ECB meeting minutes that suggested its move to raise interest rates would be done gradually. The MSCI Europe Index ended at 127.74 (+0.65% DoD).
- Asian equities fell as the threat of US military action in Syria escalated geopolitical tension in the Middle East. Most markets had closed by the time Trump's tweet came out. The MSCI APxJ Index lost 0.27% DoD to 571.20.
- US Treasury yields climbed as geopolitical worries abated, and after the release of FOMC meeting minutes that suggested a more aggressive pace of tightening than had been anticipated previously. Yields rose 4 bps on average, with 10-year yields up 5.5 bps to 2.8358%.
- The US dollar broke a four-session losing streak as the safe-haven buying from recent sessions tapered off. The gain was due in part to weakness in the euro, which fell after Eurozone industrial production for February came in below expectations. The DXY gained 0.20% DoD, closing at 89.751.

