

February 8, 2018

LOCAL MARKETS

Local equities followed the recovery in global markets as investors picked-up bargains. Meanwhile, fixed income securities fell on continued expectations of inflationary pressure. The PHP strengthened as traders locked in dollar gains ahead of the monetary board meeting.

Key Events

- ✓ **Ayala Corporation** (PSE ticker: AC) confirms through a disclosure to the stock exchange that its wholly-owned subsidiary, AC Industrial Technology Holdings, Inc., has received notice from Kia Motors Asia Regional headquarters that it has considered the AC group as the preferred bidder to start negotiations for the Kia distributorship in the Philippines.
- ✓ According to a media release by the **Bangko Sentral ng Pilipinas**, gross international reserves (GIR) as of end-January 2018 fell to \$81.2 Bn from \$81.6 Bn in the previous month. Said level is equivalent to 8.2 months' worth of imports of goods and payments of services and primary income.

Equities

- ✓ **Philippine stocks** followed the recovery in global markets, taking a breather from continued selling over the past two days. Bargain-hunting ensued as investors tried to take advantage of improved valuations. The PSEi gained 1.37% DoD, closing at 8,667.6 pts.

Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	+0.0392	2.6946	4 years	-0.3218	4.6849
3 months	+0.0284	2.4837	5 years	+0.0425	4.9049
6 months	+0.5538	3.3807	7 years	+0.0286	5.9718
1 year	+0.0125	3.4325	10 years	+0.0446	6.2450
2 years	+0.0624	3.9457	20 years	+0.1300	6.5679
3 years	+0.0278	4.3043			

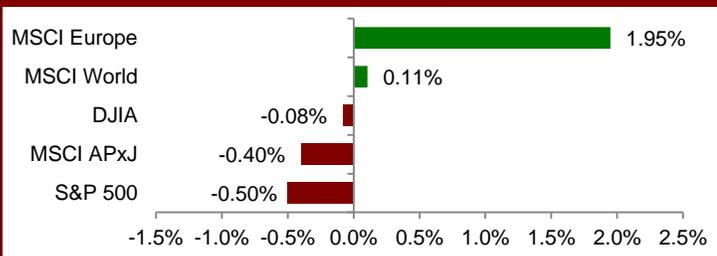
Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD	51.460	51.120	EUR/USD	1.2409
				1.2339

OVERSEAS MARKETS

Global equities ended mixed, as US and Asian equities pulled back on inflation expectations, while European stocks rebounded after a week of selling. US yields rose across the board on low auction demand, while the dollar strengthened after the US government approved a two-year budget plan.

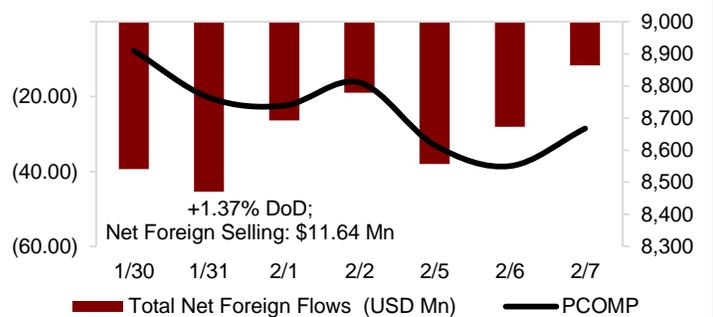
Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0254	1.5419	5 years	+0.0169	2.5565
6 months	+0.0361	1.7205	10 years	+0.0343	2.8359
2 years	+0.0184	2.1235	30 years	+0.0480	3.1139

PSEi Snapshot



Previous:	8,550.4	PSEi change:	1.37%
High:	8,700.6	Best:	URC +5.67%
Low:	8,603.2	2nd best:	DMCI +3.77%
Close:	8,667.6	2nd worst:	LTG -2.17%
Val. traded (mn):	5,183.2	Worst:	PCOR -2.60%

Fixed Income

- ✓ Yields across the **local fixed income** space rose after data showing a MoM decrease in the Philippines' GIR compounded growing inflation expectations, increasing the risk that central bank tightening could happen earlier than expected. Yields rose 5.89 bps on average.

Philippine Peso

- ✓ The **Philippine peso** strengthened as traders locked in recent dollar gains ahead of the BSP's Monetary Board policy-setting meeting today. The PHP/USD lost 0.66% DoD to 51.120.

