

February 21, 2018

LOCAL MARKETS

Local equities remained flat as investors took profit amidst the reserve requirement cut. On the other hand, the Philippine Peso recovered some ground against the USD, despite continued foreign selling in the equities market. The fixed income market yields rose in a bearish steepening fashion on the back of inflation concerns.

Key Events

- ✓ According to a disclosure made to the PSE, **Maynilad** confirmed that it has allotted over Php 9 Bn for 18 water projects in 2018. Furthermore, it emphasized that its ability to sustain capital expenditure projects is dependent on the early and satisfactory resolution of the water tariff issues.
- ✓ In an interview, **Finance Secretary Carlos Dominguez III** announced that the government is considering three types of tax amnesty as part of the comprehensive tax reform program. One pertains to estate taxes, another related to total assets, and the last one to cover existing tax evasion cases.

Equities

- ✓ **Local equities** remained flat as investors took profit amidst the reserve requirement cut. Further compounding the downward price pressure was the renewed foreign selling, which amounted to \$8.08 Mn. The PSEi ended at 8,722.7 (+0.14% DoD).

Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	+0.0064	3.4146	4 years	-0.0376	4.7287
3 months	+0.0732	2.8803	5 years	+0.0714	5.0360
6 months	+0.0036	3.0447	7 years	+0.1129	6.6804
1 year	+0.6318	3.9329	10 years	+0.1821	6.8789
2 years	+0.0388	4.1042	20 years	+0.7981	7.1161
3 years	+0.0326	4.2981			

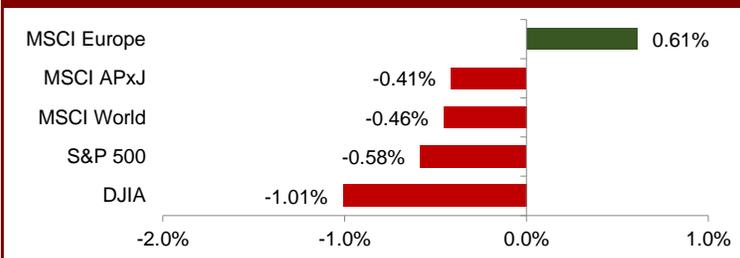
Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD	52.340	52.240	EUR/USD	1.2425	1.2425

OVERSEAS MARKETS

Most equity markets fell, taking a breather from their recent rally. Meanwhile, yields of US Treasuries rose amid oversupply concerns, bolstering the US dollar.

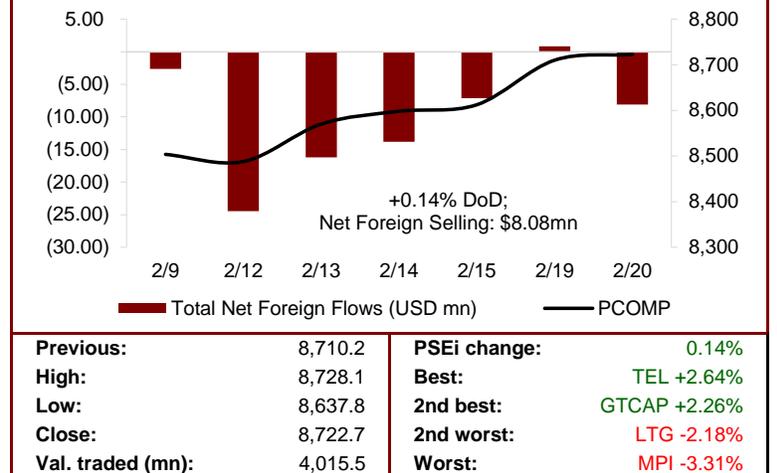
Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0051	1.5952	5 years	+0.0155	2.6446
6 months	-0.0001	1.8206	10 years	+0.0147	2.8896
2 years	+0.0292	2.2187	30 years	+0.0214	3.1530

PSEi Snapshot



Fixed Income

- ✓ **Local fixed income yields** continued to rise as investors remained wary of inflationary pressures. In what is known as a bearish steepening, the long-end of the curve (+36 bps) went up significantly more than the short-end of the curve (+18 bps). On average, yields rose 17.39 bps.

Philippine Peso

- ✓ The **Philippine peso** recovered some ground against the USD, despite continued foreign selling in the equities market. The PHP/USD ended at 52.240 (+0.14% DoD).

