

February 23, 2018

## LOCAL MARKETS

Local equities declined on the back of continued net foreign selling and inflation concerns. Furthermore fixed income yields rose and steepened for the same reason. On the other hand, the Philippine Peso was flat on the back of a narrowing interest rate differential.

### Key Events

- ✓ **Metropolitan Bank and Trust, Inc. (PSE Ticker: MBT)** announced through a disclosure in the stock exchange a cash dividend of Php 1.00 to all common shareholders. The dividend record date is on March 8, 2018 and its payment date is on March 16, 2018.
- ✓ According to Socioeconomic Secretary Ernesto M. Pernia of **National Economic and Development Authority (NEDA)**, the Cabinet has finalized the proposed changes to the existing Foreign Investment Negative List (FINL), to allow increased foreign participation in several sectors. The proposal will be submitted to the NEDA Board for discussion and approval during the March 6 Board meeting. Changes to the FINL aim to allow overseas contractors to take on foreign-funded Philippine projects, among others.

### Equities

- ✓ **Local equities** continued to decline, as increased inflation expectations fueling monetary policy tightening continued to dampen investor sentiment for stocks. The PSEi lost 1.14% DoD, ending at 8,515.6.

### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	+0.0004	3.4179	4 years	+0.3356	5.2950
3 months	+0.1784	3.0109	5 years	+0.0630	5.1875
6 months	-0.1301	3.0447	7 years	-0.0443	6.6696
1 year	+0.0035	3.9196	10 years	-0.0589	6.8036
2 years	-0.0409	4.1270	20 years	+0.5577	6.9196
3 years	+0.0361	4.8518			

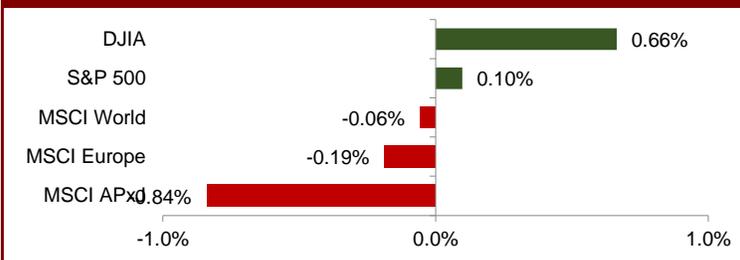
### Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD	52.100	52.100	EUR/USD	1.2327	1.2327

## OVERSEAS MARKETS

Global equities were mixed with US stocks gaining as initial jobless claims fell while Europe and Asian stocks declined as the markets reacted to the Fed's meeting minutes. Meanwhile, US Treasury yields and the dollar fell on the back of tempered inflation expectations and widening fiscal deficit respectively.

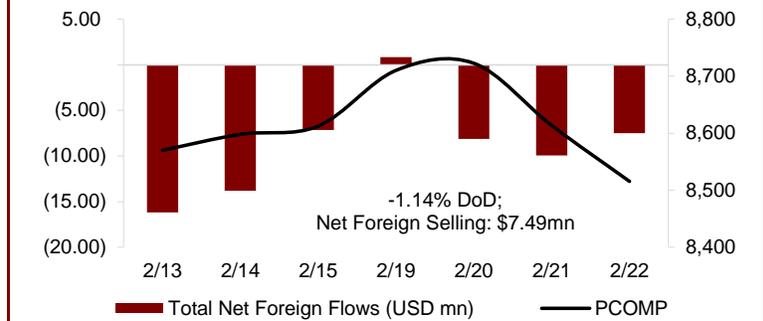
### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0052	1.6338	5 years	-0.0306	2.6552
6 months	-0.0052	1.8417	10 years	-0.0293	2.9207
2 years	-0.0201	2.2460	30 years	-0.0142	3.2062

### PSEi Snapshot



<b>Previous:</b>	8,613.7	<b>PSEi change:</b>	-1.14%
<b>High:</b>	8,605.9	<b>Best:</b>	AEV +2.81%
<b>Low:</b>	8,472.9	<b>2nd best:</b>	LTG +2.01%
<b>Close:</b>	8,515.6	<b>2nd worst:</b>	SM -3.55%
<b>Val. traded (mn):</b>	5,334.9	<b>Worst:</b>	MPI -3.76%

### Fixed Income

- ✓ **Local fixed income yields** rose on average, led by the long-end which rose 15 bps. Long-term inflation concerns typically affect the long-end of the curve the most. Furthermore, the curve steepened: the short-end only rose by 1 bp. On average, yields rose by 8.19 bps.

### Philippine Peso

- ✓ The **Philippine peso** ended flat, as dollar weakness and the increased chance of a BSP rate hike in March tempered the currency's recent weakness due to the increasing current account deficit and falling GIR. The PHP/USD was unchanged from a day previous, at 52.100.

