

March 6, 2018

## LOCAL MARKETS

Local equities declined amid persistent foreign selling and as investors look ahead to the inflation print, which is expected to go beyond the BSP's upper target band. Local bond yields fell amid bargain hunting, while the peso failed to sustain strength against the Dollar due to inflation concerns.

### Key Events

- ✓ **Megaworld Corporation (PSE Ticker: MEG)** is putting up Newtown School of Excellence within its 30-hectare The Mactan Newtown township project in Cebu. This is in partnership with the Lasallian Schools Supervision Services Association Inc. The project will feature two main buildings offering kindergarten and elementary education
- ✓ The **Philippine Competition Commission** has increased the threshold for M&A deals that need approval. The aggregate revenues or assets of the ultimate entity was raised to Php5bn from Php1bn, and the value of the transaction has been increased to Php2bn from Php1bn. the PCC has also put in an automatic adjustment mechanism every year starting March 2019, based on nominal GDP growth.

### Equities

- ✓ **Local equities** fell as the brewing global trade war concerns spilled over in the local equities market. Trading volume was low and foreign selling continued as eyes were focused on the upcoming February CPI print, which is expected to go above the BSP's 4% upper band. The PSEi ended at 8,386.20 (-0.86% DoD).

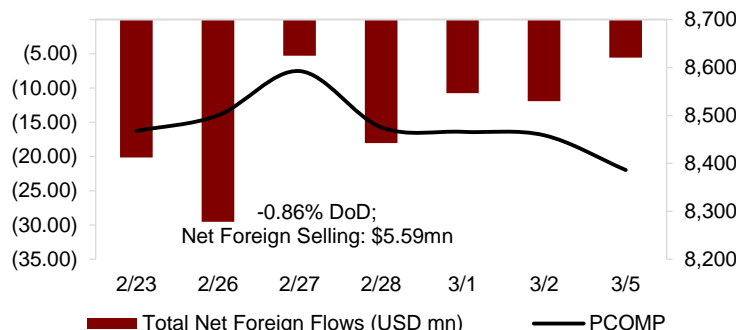
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	+0.0100	3.4243	4 years	-0.0150	5.1311
3 months	+0.0190	3.4304	5 years	+0.0148	5.2960
6 months	+0.0179	3.6929	7 years	-0.1235	6.5304
1 year	-0.9218	3.0139	10 years	-0.0325	6.7586
2 years	-0.0826	4.2132	20 years	-0.3110	6.7211
3 years	-0.3553	4.3000			

### Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD	51.900	52.000	EUR/USD	1.2317	1.2314

### PSEi Snapshot



<b>Previous:</b>	8,458.6	<b>PSEi change:</b>	-0.86%
<b>High:</b>	8,449.8	<b>Best:</b>	SMPH +0.69%
<b>Low:</b>	8,350.5	<b>2nd best:</b>	URC +0.59%
<b>Close:</b>	8,386.2	<b>2nd worst:</b>	BDO -2.58%
<b>Val. traded (mn):</b>	3,111.1	<b>Worst:</b>	MER -2.81%

### Fixed Income

- ✓ The **local fixed income yields** broadly fell across all tenors amid bargain hunting, given that the market experienced consecutive days of sell-off pressure due to rising inflation risks. On average, yields declined 16.18bps, with the 10-year falling 3.25 bps to 6.7586.

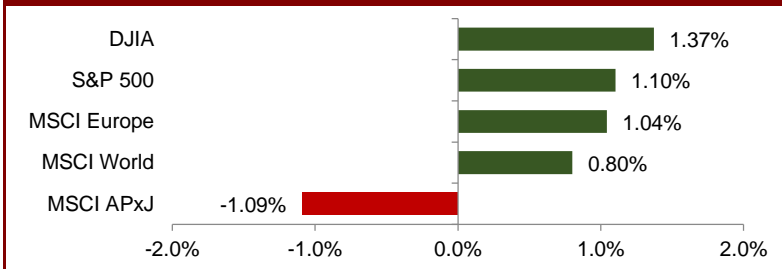
### Philippine Peso

- ✓ The **Philippine Peso** weakened against the greenback as investors remained cautious ahead of the release of the February CPI print. The USD/PHP closed at 52, an effective -0.19% decline of the peso.

## OVERSEAS MARKETS

Most global equities rebounded from negative territory as mounting concerns on Trump's political rhetoric on steel and aluminum tariffs begin to ease. US Treasury yields rose amid a general risk-on sentiment. Finally, the US dollar strengthened following positive economic data.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0178	1.6565	5 years	+0.0168	2.6451
6 months	+0.0051	1.8387	10 years	+0.0165	2.8808
2 years	-0.0040	2.2378	30 years	+0.0133	3.1531

- ✓ **US equities** rose as investors suspect that President Trump's protectionist stance on US tariffs may not translate into policy. The DJIA closed at 24,874.76 (+1.37% DoD) while the S&P 500 ended at 2,720.94 (+1.10% DoD).
- ✓ **European equities** rose despite a slowdown in several economic indicators, with the Markit Eurozone Composite and Services Indices coming in below expectations at 57.1 (cons. at 57.5) and 56.2 (cons. at 56.7) respectively. The MSCI Europe closed at 125.05 (+1.04% DoD).
- ✓ **Asian stocks** continued to decline even as concerns on President Trump's proposal to increase tariffs for steel and aluminum imports have started to ease. The MSCI APxJ ended at 564.86 (-1.09% DoD).
- ✓ **US Treasury yields** rose amid a general risk-on sentiment as investors shrug off uncertainty over President Donald Trump's comments on impending steel and aluminum tariffs. On average, yields advanced 1.09 bps, with the 10-year increasing 1.65 bps.
- ✓ The **US Dollar** marginally appreciated amid positive economic data, as IHS Markit's final services business activity index came in at 55.9 from 53.3 in January, marking its fastest acceleration since August 2017. The DXY closed at 90.08 (+0.16% DoD).

