

March 14, 2018

LOCAL MARKETS

The local equities market and local fixed income yields fell, while the peso remained steady as market participants anticipated the release of US inflation data.

Key Events

- ✓ **First Gen Corp (PSE Ticker: FGEN)** announced that they entered into a power supply contract with distribution utility Manila Electric Co. for the sale and purchase of approx. 414MW of baseload capacity. The power supply agreement (PSA) states that MER has secured competitively priced baseload electricity at P3.77/kilowatt-hour with an 80% capacity factor for 6 years. The power will be sourced from San Gabriel LNG (SG) plant in Batangas City
- ✓ The **Bangko Sentral ng Pilipinas (BSP)** said that it will maintain a measured approach in reducing reserve requirement ratio. BSP Governor Nestor Espenilla said that he aims to cut RRR to single-digit levels by the time his term ends.

Equities

- ✓ The **local equities market** trended downward throughout the day as investors remained cautious ahead of the release of the US inflation data. The PSEi went down to 8,419.60 (-0.40% DoD).

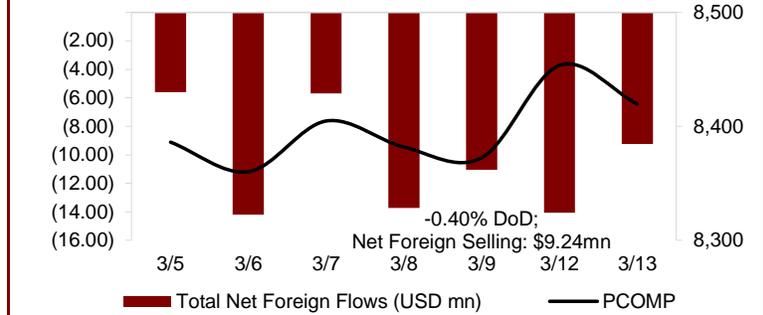
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	+0.0733	2.5796	4 years	+0.0475	5.2235
3 months	-0.5513	2.9177	5 years	+0.0372	5.5169
6 months	-0.6646	3.0675	7 years	+0.0464	6.6982
1 year	-0.6579	3.0272	10 years	+0.1354	6.1226
2 years	+0.0151	4.3392	20 years	+0.0032	7.0893
3 years	-	4.4000			

Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD	52.040	52.040	EUR/USD	1.2312	1.2330

PSEi Snapshot



Previous:	8,453.5	PSEi change:	-0.40%
High:	8,462.3	Best:	PCOR +2.36%
Low:	8,398.0	2nd best:	AP +2.01%
Close:	8,419.6	2nd worst:	SMPH -1.92%
Val. traded (mn):	3,462.6	Worst:	BDO -2.48%

Fixed Income

- ✓ **Local fixed income yields** fell on average as markets focused their attention to US inflation and anticipated the policy stance of the Fed. On average, the curve fell by 13.78 bps, led by the short end of the curve which declined 45.01 bps.

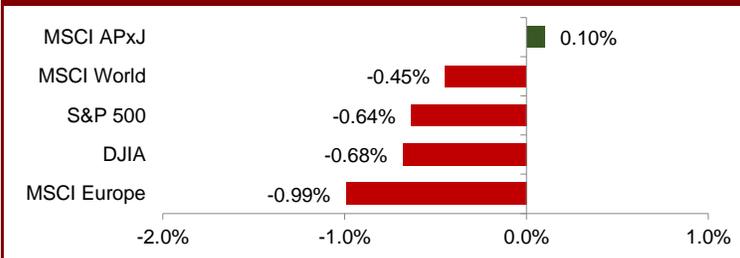
Philippine Peso

- ✓ The **Philippine Peso** was flat yesterday as investors adopted a wait-and-see approach ahead of US inflation data. The USD/PHP pair closed at 52.04 (+0.00% DoD).

OVERSEAS MARKETS

Global equities declined and Asian stocks ended marginally higher following the release of US CPI data for February and Secretary of State Tillerson's dismissal. US Treasury yields and the US Dollar fell as the prospect of aggressive rate-hikes were dampened by easing inflation concerns.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0286	1.7030	5 years	-0.0169	2.6181
6 months	+0.0160	1.8857	10 years	-0.0255	2.8426
2 years	-0.0081	2.2539	30 years	-0.0311	3.0981

- ✓ **US equities** declined despite the tepid inflation print for February, as Trump's dismissal of Secretary of State Rex Tillerson stoked fears of a full-blown trade war. The DJIA closed at 25,007.03 (-0.68% DoD) while the S&P 500 ended at 2,765.31 (-0.64% DoD).
- ✓ **European equities** edged lower following the release of the February US inflation print as the knee-jerk strengthening of the Euro put pressure on exporters' stocks. The MSCI Europe closed at 126.46 (-0.99% DoD).
- ✓ **Asian stocks** ended marginally higher as investors positioned ahead of the release of US inflation data which may give hints to the Fed's pace of policy normalization. The MSCI APxJ ended at 589.63 (+1.52% DoD).
- ✓ **US Treasury yields** continued its decline as the weakness in US CPI data for February supported a receding concern over rising inflation. On average, yields fell by 0.62 bps, with the 10-year declining 2.55 bps.
- ✓ The **US Dollar** declined further as the prospect of aggressive rate-hikes were dampened following the release of inflation data that was in line with expectations. The DXY closed at 89.664 (-0.26% DoD).

