

March 22, 2018

## LOCAL MARKETS

Local equities declined as the sell-off continues ahead of expectations that the BSP will leave the benchmark rate steady. Local fixed income yields and the peso were steady as the US Fed announces its first rate hike for 2018 and maintains its forecast of three rate hikes for the year.

### Key Events

- ✓ Philippine Competition Commission approved **Robinsons Land Corporation (PSE Ticker: RLC)**'s joint venture with Shang Properties to develop a two-tower luxury residential project in Bonifacio Global City. The project will rise on a 9,118sqm lot owned by RLC along McKinley Parkway corner 5th Avenue.
- ✓ **Tourist arrivals** up 16% year-on-year in 2M18. Visitor arrivals rose 16.2% year-on-year to 1.4m in the first two months of the year. Chinese tourists reached 256,880 arrivals over the period.

### Equities

- ✓ **Local equities** continued to fall as market participants sold off shares from the banking sector, ahead of the BSP meeting today where the members are expected to be more dovish than previously anticipated. The PSEi fell by 1.87% to 7,909.07.

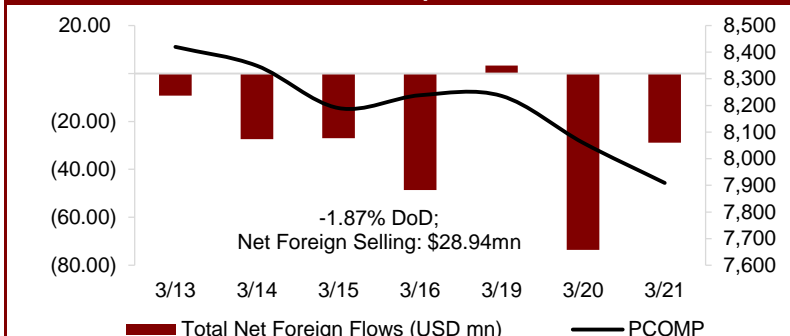
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	-0.0213	2.5281	4 years	-0.1036	5.2499
3 months	-0.0086	2.9197	5 years	-0.1510	5.3362
6 months	-0.3134	3.0016	7 years	-0.2214	6.8393
1 year	+0.0290	4.0879	10 years	+0.0544	6.1229
2 years	+0.0002	4.2561	20 years	-0.0160	7.2179
3 years	+0.5785	5.3054			

### Foreign Exchange

	Previous	Close		Previous	Close
PHP/USD	52.080	52.150	EUR/USD	1.2312	1.2283

### PSEi Snapshot



Previous:	8,059.6	PSEi change:	-1.87%
High:	8,097.6	Best:	RLC +0.93%
Low:	7,909.1	2nd best:	TEL +0.62%
Close:	7,909.1	2nd worst:	BPI -3.53%
Val. traded (mn):	6,242.9	Worst:	MPI -4.01%

### Fixed Income

- ✓ **Local fixed income yields** marginally declined as the US Fed announces its first rate hike for 2018, and maintaining its 3-hikes forecast for the year. On average, the curve moved down by 1.57bps, led by the short end declining by 25.45 bps.

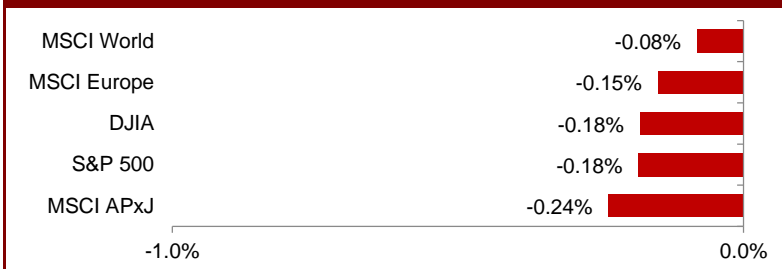
### Philippine Peso

- ✓ The **Philippine Peso** marginally strengthened ahead of policy meetings of the Fed and the BSP, despite expectation that the BSP may be dovish in its policy stance in its meeting today. The USD/PHP pair appreciated, closing at 52.15 (+0.13%DoD).

## OVERSEAS MARKETS

Global equity indices and US Treasury yields fell following the 25-bps rate hike of the Fed and revision of US GDP and inflation forecasts. On the other hand, the US Dollar declined on the back of the british pound's strength.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0461	1.7413	5 years	-0.0221	2.6741
6 months	-0.0233	1.9347	10 years	-0.0129	2.8830
2 years	-0.0393	2.3055	30 years	-0.0115	3.1186

- ✓ **US equities** closed slightly lower despite more clarity on the Federal Reserve's 2018 outlook on rate hikes. Energy stocks provided support as oil prices continued to rise following the decline in U.S. inventories and possible disruption to the Middle East's supply. The DJIA and the S&P 500 both fell 18% DoD to 24,682.31 and 2,711.93, respectively.
- ✓ **European equities** slid as trade war fears resurfaced and weighed in on investors, following a report that China was planning counter-measures against U.S. tariffs. The MSCI Europe declined to 126.32 (-0.15% DoD).
- ✓ **Asian equities** ended broadly lower amid subdued trading volume as market participants look ahead to the FOMC meeting. The MSCI APxJ fell to 583.25 (-0.24% DoD).
- ✓ **US Treasury yields** marginally declined after the FOMC delivered its first rate hike of the year, as expected. The Fed's dot plot however, indicated a median forecast of 3 rate hikes for the year, disappointing hawks globally. On average, the curve fell by 2.59 bps, with the 10Y declining by 1.29 bps to close at 2.883.
- ✓ The **US Dollar** extended losses owing to the continued strength of the British Pound, after wages grew more than expected, fortifying the case of a rate increase by the BOE in May. The DXY closed at 89.783 (-0.65% DoD).

