

April 2, 2018

LOCAL MARKETS

Concerns from renewed US protectionist rhetoric dragged on local equities. Meanwhile, thin trading ahead of the Easter holiday saw local fixed income fall and the peso strengthen.

Key Events

- ✓ **Bank of the Philippine Islands (PSE Ticker: BPI)** priced its rights issue at Php 89.50/sh. with one right for every 7.0594 common shares. The price is at a discount of 20% to the stock's 10-day VWAP. Ex-date and record date is on April 3 and April 6 respectively. BPI can raise as much as Php 50bn from the share offer running from April 16 to April 25.
- ✓ **Bangko Sentral ng Pilipinas (BSP)** expects the consumer price index to remain elevated at around the 3.8%-4.6% level amid more expensive electricity rates, weak peso, and higher oil and food prices. The BSP assured that it will continue to monitor price conditions against any signs of incipient price pressures and will stand ready to take appropriate measures as necessary.

Equities

- ✓ The **local equities market** pulled back ahead of the holidays following renewed concerns on trade policies after the Trump administration's rhetoric regarding a crackdown on Chinese investments in US tech. The PSEI declined 67.20 points to close at 7,979.8 (-0.84% DoD).

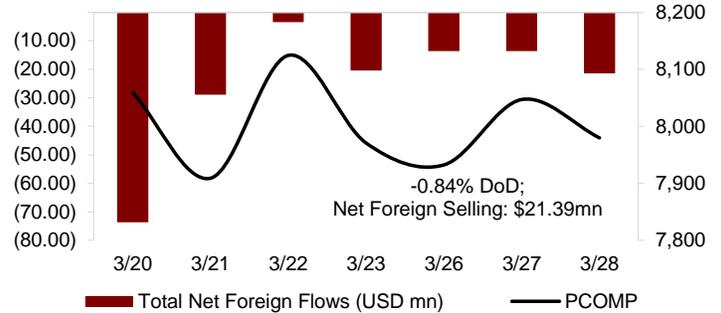
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	+0.4920	3.2857	4 years	-0.0485	5.0179
3 months	+0.0526	3.0723	5 years	-0.0680	5.2403
6 months	-0.3241	3.2063	7 years	+0.0196	6.7375
1 year	-0.0193	3.0750	10 years	+0.0083	6.0000
2 years	-0.0638	4.1613	20 years	+0.5283	7.1625
3 years	+0.0892	4.6098			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD	52.320	52.160	EUR/USD	1.2391

PSEi Snapshot



Previous:	8,047.0	PSEi change:	-0.84%
High:	8,056.2	Best:	GLO +2.08%
Low:	7,967.3	2nd best:	BPI +1.74%
Close:	7,979.8	2nd worst:	SM -3.27%
Val. traded (mn):	5,501.7	Worst:	SMC -5.96%

Fixed Income

- ✓ **Local fixed income yields** rose amid thin trading, as markets wound down ahead of the Easter holiday. Buying in the belly (-2.28 bps) was offset by selling in the long end of the curve (+18.54 bps). On average, yields rose 6.06 bps.

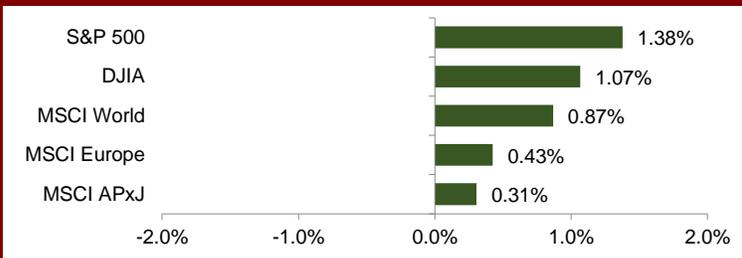
Philippine Peso

- ✓ The **Philippine peso** strengthened ahead of the Easter holiday. Low trade volumes and quarter-end window dressing contributed to the currency's appreciation. The PHP/USD lost 0.31% DoD, ending at 52.1600.

OVERSEAS MARKETS

Global equities rose amid period-end window-dressing and positive economic data from the Eurozone. Quarter-end buying and a US inflation figure that came in line with expectations also bolstered US treasuries and the dollar.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0182	1.7001	5 years	-0.0336	2.5620
6 months	-0.0107	1.9137	10 years	-0.0418	2.7389
2 years	-0.0181	2.2661	30 years	-0.0477	2.9737

- ✓ **US equities** rallied on the last trading day of the quarter with nearly every sector posting gains. Analysts cited window dressing as the contributing factor behind the rebound. The DJIA and the S&P500 closed at 24,103.11 (+ 1.07% DoD) and 2,640.87 (+1.38% DoD) respectively.
- ✓ **European equities** were up led by German stocks as jobless claims dropped 19,000, higher than expected. However, equities still ended in the red for March. The MSCI Europe closed at 125.01 (+ 0.43% DoD).
- ✓ **Asian equities** continued their upward trajectory as the region tracked gains stateside, although many markets were closed for the holidays. The MSCI APxJ closed at 563.19 (+0.31% DoD).
- ✓ **US Treasury yields** fell ahead of the Easter holiday, with demand bolstered by quarter-end buying and as February inflation data came in line with analysts' expectations. On average, yields fell 2.84 bps, with the 10Y dropping 4.18 bps to 2.7389%.
- ✓ The **US dollar** rose slightly, extending its winning streak to three days amid quarter-end position-squaring, and as fears of a US-China trade war dissipated. The DXY closed at 90.151 (+0.10% DoD).

