

April 11, 2018

LOCAL MARKETS

Mixed investor sentiment and continued foreign selling kept the local equities market flat. Meanwhile, local fixed income yields marginally rose on bearish expectations related to the treasury auction. The Philippine peso was flat with a slight strengthening on potential rotation back into Philippine assets.

Key Events

- ✓ Aboitiz InfraCapital, Inc., a wholly owned subsidiary of **Aboitiz Equity Ventures, Inc. (PSE ticker: AEV)**, saw the submission of its unsolicited proposal for the upgrade, expansion, operation and maintenance of four airports rejected by the Department of Transportation (DOTr). The DOTr stated that it has adopted a policy of publicly soliciting bids under its jurisdiction and therefore cannot accept unsolicited proposals.
- ✓ The **Bangko Sentral ng Pilipinas (BSP)** posted a January Foreign Direct Investment (FDI) net inflow of USD 919 mn, up from USD 587 mn last year (+56.7% YoY). The increase was driven by the positive outlook on Philippine economic performance on the back of strong macroeconomic fundamentals.

Equities

- ✓ The **local equities market** ended flat with a slight downward bias as investor sentiment remained mixed. Industrial, Holding Firms, and Property sectors were up while Financials, Services, and Mining and oil sectors were down. Net foreign selling continued. The PSEi closed at 7,934.7 (-0.14% DoD).

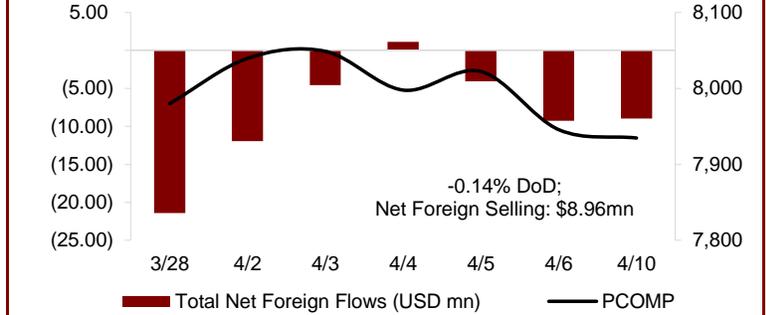
Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	+0.2039	3.4782	4 years	-0.0108	5.3821
3 months	+0.1450	3.2720	5 years	-0.0189	5.1419
6 months	+0.1982	3.7857	7 years	-0.2142	6.2429
1 year	+0.0024	3.3210	10 years	-	5.9500
2 years	+0.0420	4.1933	20 years	-0.0185	6.5035
3 years	-0.0016	4.5363			

Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD	52.020	52.000	EUR/USD	1.2273
				1.2280

PSEi Snapshot



Previous:	7,945.7	PSEi change:	-0.14%
High:	7,984.6	Best:	JFC +2.16%
Low:	7,890.3	2nd best:	AC +2.12%
Close:	7,934.7	2nd worst:	RRHI -3.23%
Val. traded (mn):	4,911.0	Worst:	GTCAP -3.51%

Fixed Income

- ✓ **Local fixed income yields** marginally rose, led by the short end which rose 13.74 bps DoD. The rise in the short-end partially reflects bearish expectations related to the treasury auction. The yield curve continues to flatten as the long-end falls 7.76 bps DoD. On average, yields rose 2.98 bps.

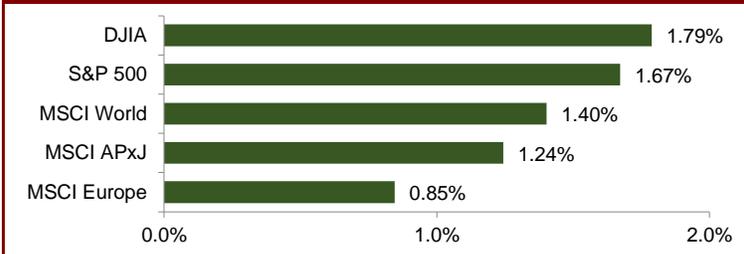
Philippine peso

- ✓ The **Philippine peso** was flat with a slight strengthening as expectations of higher treasury auction yields encouraged rotation into Philippine assets. The PHP/USD lost 0.04% DoD, ending at 52.000.

OVERSEAS MARKETS

A speech by Chinese President Xi Jinping that was widely taken to be conciliatory sparked a rally in global equity markets and pushed up US Treasury yields. Meanwhile, the US dollar ended lower on euro strength.

Global Markets



US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0133	1.7209	5 years	+0.0271	2.6247
6 months	+0.0187	1.9219	10 years	+0.0219	2.8009
2 years	+0.0286	2.3069	30 years	+0.0096	3.0214

- ✓ **US equities** surged after Chinese President Xi Jinping's speech in the Boao Forum that offered a less aggressive stance in trade easing investor concerns. The DJIA and S&P 500 closed at 24,408.00 (+1.79% DoD) and 2,656.87 (+1.67% DoD), respectively.
- ✓ **European equities** climbed to their highest level in a month as the market was swept in a global equity rally following Xi Jinping's speech in the Baao Forum. The MSCI Europe Index closed at 127.67 (+0.85% DoD).
- ✓ **Asian equities** rose after Xi Jinping's conciliatory message that pledged to broaden market access to China by cutting tariffs on car imports and improving protection for intellectual property. The MSCI APxJ Index closed at 572.40 (+1.40% DoD).
- ✓ **US Treasury yields** were buoyed after the friendly tone of Chinese President Xi Jinping's speech sparked buying in riskier assets. A pickup in producer price inflation, which came in at 0.3% in March, also contributed to the rise in yields, which gained 1.99 bps on average.
- ✓ The **US dollar** ended slightly lower, particularly against the euro, which strengthened on expectations that the ECB will announce the end of its quantitative easing program this year. The DXY closed at 89.587 (-0.28% DoD)

