

April 5, 2018

## LOCAL MARKETS

The local equities ended flat with a slight downward bias despite net foreign buying as investor sentiment remained negative. Similarly, fixed income yields rose, led by the long-end as defensive preference prevailed in the local markets. In the same vein, the Philippine Peso weakened over concerns of global trade tensions.

### Key Events

- ✓ **Megaworld Corporation (PSE Ticker: MEG)** will issue Perpetual Senior Unsecured Notes at USD200 Mn to refinance existing indebtedness and for its general corporate purposes. The coupon has a 6% fixed rate and will have a call option on April 2023 and any coupon payment date thereafter.
- ✓ **Bangko Sentral ng Pilipinas (BSP)** posted the results of the Term deposit facility (TDF) auction where the 7-day term was oversubscribed at Php65.113Bn versus the Php50 Bn offering and it rose from 3.1651% last week to 3.2657% while 14-day term was undersubscribed at Php29.9Bn versus Php40Bn offering. The bids totaled Php124.3 Bn for the P110Bn offering.

### Equities

- ✓ The **local equities** market ended flat with a slight downward bias as investor sentiment continued to be negative: a US-China trade war will likely negatively affect financial markets globally. The downward movement in the local market comes despite net foreign buying. The PSEi closed at 7,997.67 (-0.63% DoD).

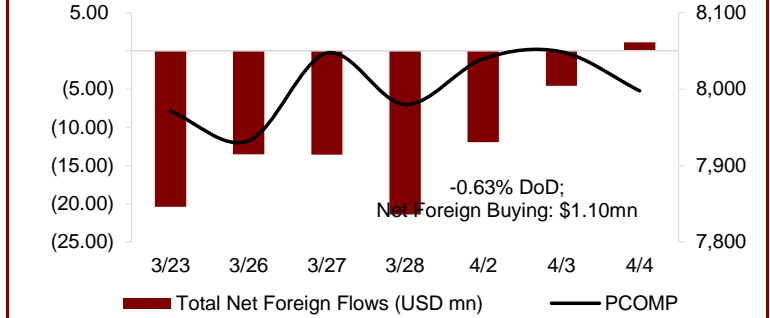
### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	+0.6938	3.2786	4 years	+0.0550	5.0620
3 months	-0.0088	3.0775	5 years	-0.0755	5.2386
6 months	+0.0192	3.1486	7 years	+0.0704	6.6679
1 year	-0.2301	3.3096	10 years	+0.7382	6.6882
2 years	-0.0991	4.1509	20 years	-0.0393	7.1464
3 years	-0.6321	4.6304			

### Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD	52.080	52.120	EUR/USD	1.2288
				1.2328

### PSEi Snapshot



<b>Previous:</b>	8,048.7	<b>PSEi change:</b>	-0.63%
<b>High:</b>	8,084.9	<b>Best:</b>	SCC +3.96%
<b>Low:</b>	7,991.6	<b>2nd best:</b>	FGEN +1.42%
<b>Close:</b>	7,997.7	<b>2nd worst:</b>	GLO -2.82%
<b>Val. traded (mn):</b>	4,252.7	<b>Worst:</b>	JFC -3.85%

### Fixed Income

- ✓ **Local fixed income yields** marginally rose, led by the long-end of the curve (+26 bps DoD). The increased pace of government borrowing and higher yields on treasury auctions aggravate the negative sentiment of the local market. On average, yields rose 4.47 bps.

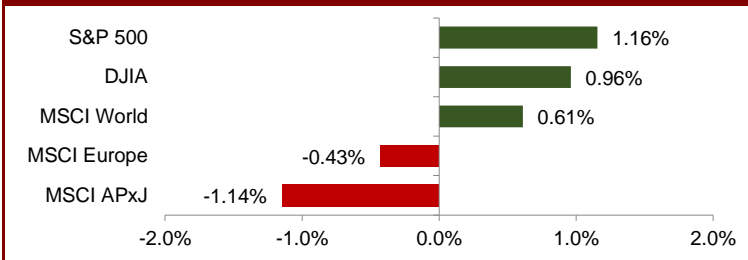
### Philippine Peso

- ✓ The **Philippine peso** marginally weakened despite net foreign buying on the local equities space as concerns of global trade tensions dominated trading activity. The PHP/USD increased 0.08% DoD, ending at 52.120

## OVERSEAS MARKETS

Global equities were mixed with US stocks advancing and other regions declining as markets still focused on trade talks. Meanwhile, US Treasuries and the dollar weakened as safe-haven buying waned after Larry Kudlow's comments easing trade war fears.

### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	-0.0435	1.6953	5 years	+0.0236	2.6193
6 months	-0.0206	1.8986	10 years	+0.0274	2.8027
2 years	+0.0142	2.2924	30 years	+0.0249	3.0359

- ✓ **US equities** recovered from heavy intraday losses to close in the green after Larry Kudlow eased trade war concerns by stating that there is time to negotiate the US-China trade relations. The DJIA and S&P 500 closed at 24,264.30 (+0.96% DoD) and 2,644.69 (+1.16% DoD), respectively.
- ✓ **European equities** declined as sentiment remained dampened after China's imposition of retaliatory tariffs to the US.. The MSCI Europe Index closed at 123.89 (-0.43% DoD).
- ✓ **Asian equities** mostly declined as tensions between Washington and Beijing rose. But, equities in China bucked the trend as investors took a sanguine view on the US tariff plans. The MSCI APxJ Index closed at 557.31 (-1.14% DoD).
- ✓ **US Treasury yields** rose after safe-haven buying waned as trade war concerns eased after Larry Kudlow's comments. On average, yields rose 0.43 bps, with the benchmark 10YR yield up 2.74 bps to 2.8027%.
- ✓ The **US dollar** ended flat with a slight downward bias as China slapped the US with tariffs and as economic data were weaker-than-expected. Factory orders rose 1.2% MoM (cons. 1.7%) while the IHS Markit PMI fell to 54 from 55.9. The DXY ended at 90.142 (-0.06% DoD).

