

April 16, 2018

## LOCAL MARKETS

The equities market saw strong net foreign selling once again, due to geopolitical risks, which pushed the index down to a critical support level. Fixed income yields rose across the curve, continuing the recently strong trend of volatility due to uncertainty in monetary policy. The PHP continues to be flat relative to the USD despite volatility in other asset classes.

### Key Events

- ✓ **JG Summit Holdings, Inc. (PSE Ticker: JGS)** reported its consolidated net income amounted to Php29.37 Bn in 2017 from Php10.92 Bn in 2016, a 169% increase. JGS consolidated core net income after taxes amounted to Php29.56 Bn in 2017 from Php29.97 Bn in 2016, relatively flat mainly due to the lower net income of its airline business due to higher fuel prices. This was offset by the income growth in its petrochemicals business and increase in equity earnings from its associates.
- ✓ The **Bureau of Treasury** plans to raise a total of Php25 Bn from both treasury bonds (T-bonds) and treasury bills (T-bills) this week. The government will also raise Php10 Bn via the reissued 10-year T-bonds with a remaining life of nine years and 11 months. This comes on the back of the expectations of a mixed yield result for government securities, as investors track the movement of US bonds and wait for the Treasury's bond swap.

### Equities

- ✓ The **local equities market** fell sharply as net foreign selling picked up once again, totaling almost USD16 million as of market close. Global concerns over Syrian issues, which increased tensions between Russia and the West, led to a strong risk-off sentiment. The local index ended at a critical support, which was also the lowest point of the day. The PSEi closed at 7,900 (-1.78% DoD).

### Bond Market Movement

Tenor	Change	Yield	Tenor	Change	Yield
1 month	-0.0054	3.6464	4 years	-0.0166	4.9556
3 months	+0.0747	3.3716	5 years	+0.0224	5.2298
6 months	+0.5621	3.9196	7 years	+0.0090	5.7443
1 year	+0.7419	4.1893	10 years	-0.0500	6.0500
2 years	+0.0190	4.2411	20 years	+0.6037	7.0964
3 years	-0.0066	4.5867			

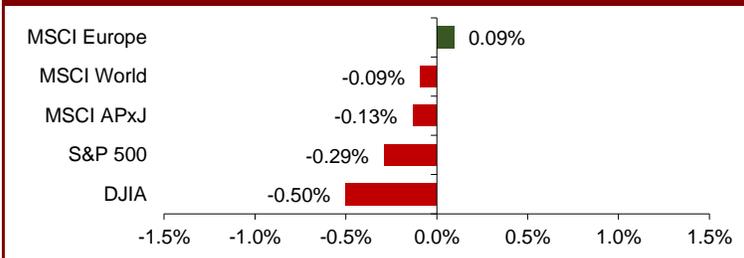
### Foreign Exchange

	Previous	Close	Previous	Close
PHP/USD	52.030	51.950	EUR/USD	1.2338
				1.2375

## OVERSEAS MARKETS

US stocks were lower as geopolitical uncertainty took focus off solid US first-quarter earnings, while Asian equities fell after China posted an unexpected trade deficit. European markets bucked the equity trend, ending higher on a widening trade surplus. US Treasuries and the dollar were little changed.

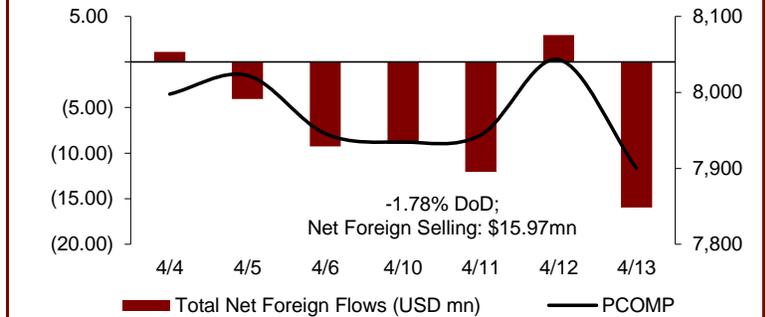
### Global Markets



### US Treasuries

Tenor	Change	Yield	Tenor	Change	Yield
3 months	+0.0049	1.7486	5 years	+0.0019	2.6726
6 months	+0.0126	1.9524	10 years	-0.0091	2.8267
2 years	+0.0086	2.3566	30 years	-0.0161	3.0270

### PSEi Snapshot



<b>Previous:</b>	8,043.1	<b>PSEi change:</b>	-1.78%
<b>High:</b>	8,031.2	<b>Best:</b>	MBT +2.14%
<b>Low:</b>	7,900.0	<b>2nd best:</b>	RRHI +0.35%
<b>Close:</b>	7,900.0	<b>2nd worst:</b>	MPI -4.27%
<b>Val. traded (mn):</b>	4,181.2	<b>Worst:</b>	SM -4.86%

### Fixed Income

- ✓ **Local fixed income yields** rose, especially in the short and long ends, continuing the recent bout of back-and-forth volatility. Investors remain cautious and uncertain on the Bangko Sentral ng Pilipinas' plans for interest rate hikes, even as the US Fed recently signaled a potential need for a faster tightening of US rates. On average, yields rose 17.77 bps.

### Philippine peso

- ✓ The **Philippine peso** remained flat despite uncertainty in the bond market and strong outflows in the equity market. Geopolitical risks will likely determine short-term flows until investors feel more confident in local monetary policy. The PHP/USD lost 0.15% DoD, ending at 51.950.