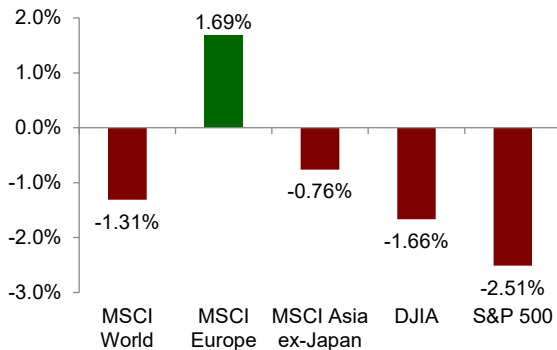


THE WEEKLY REVIEW

September 14, 2020

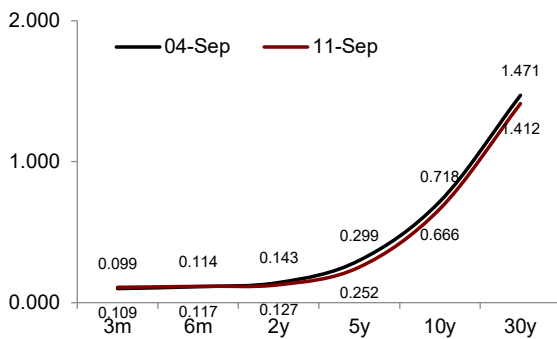
US equities and Asian equities fell on back of sell-offs in tech shares and heightened geopolitical tensions within the Eurozone, as well as between the US and China. European equities, however, rose despite Brexit issues. Global oil prices fell as the market expects the demand to go lower driven by COVID-19.

Global Equities

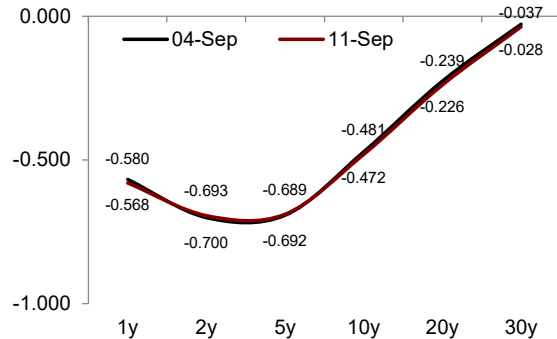


- ✓ **US equities** fell as driven by the plunge in technology stocks during the week. Moreover, the expectation of a slower US economic recovery and the escalating US-China tensions further weighed down market sentiment. The DJIA closed at 27,665.64 (-1.66% WoW), while the S&P 500 closed at 3,340.97 (-2.51% WoW).
- ✓ **Asian equities** declined following the technology sell-off in the US and the escalating geopolitical tensions between the US and China. The MSCI APxJ closed at 561.03 (-0.76% WoW).
- ✓ **European equities** rose despite the ongoing geopolitical tensions and as investors viewed the European market to be minimally impacted by the tech sell-off in the US. MSCI Europe closed at 121.97 (+1.69% WoW).

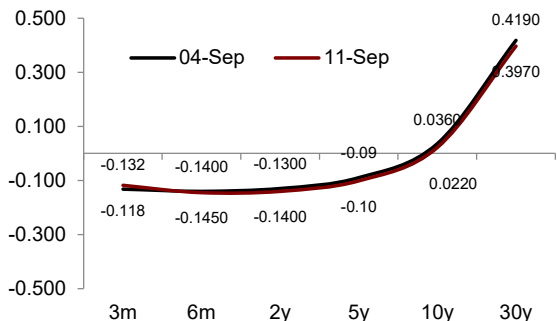
US Treasuries



German Bunds



Japanese Government Bonds



- ✓ **US Treasury yields** declined amid demand on longer-tenor securities as the US Treasury auctioned USD23 billion worth of 30-year bonds last Thursday. The stock market volatility and the expectation of a slower economic recovery also created demand for safer assets. On average, yields fell 2.71 bps with the 10Y closing at 0.6658% (-5.22 bps WoW).
- ✓ **German bund yields** fell, driven by Brexit tensions as Britain speeds up its preparation to leave without an agreement. German bund yields fell by 0.55 bps, and the 10Y yield closed at -0.48% (-0.90 bps WoW).
- ✓ **Japanese bond yields** closed lower following the decline in US Treasury yields as the market waited for the policy meeting of the Bank of Japan this week. On average, yields declined by 0.80 bps with the 10Y yield closing at 0.022% (-1.40 bps WoW).
- ✓ **Key events that transpired during the week**
- ✓ In September 5, Initial Jobless claims rose to 884k from prior 881k. This was mostly driven by the uncertainty brought by the pandemic.
- ✓ The CPI fell to 0.4% MoM in August from 0.6% but rose by 1.3% YoY from 1.0% in July. This was mostly driven by a rebound in prices of used cars.

- ✓ **Global oil prices** further declined as investors continued to expect weak demand due to increasing COVID-19 cases in some countries. Brent oil closed at USD 39.83 (-6.63% WoW) per barrel, while WTI crude closed at USD 37.33 (-6.14% WoW) per barrel.

Commodities

\$/bbl	11-Sep-2020	% Change
Brent	39.83	-6.63%
WTI	37.33	-6.14%
BBG Commodity index	71.56	-1.15%

www.bpiassetmanagement.com

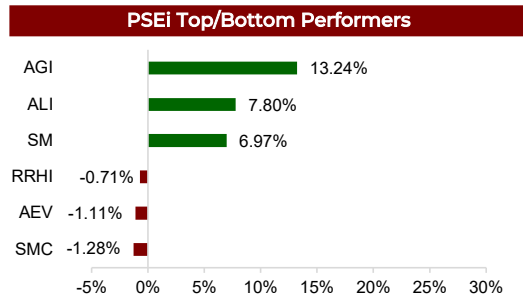
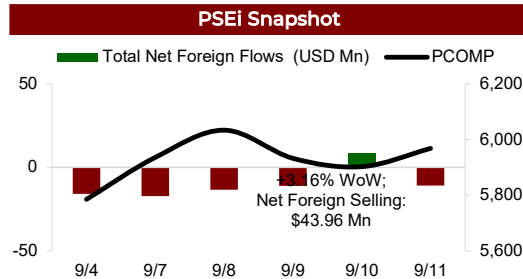


THE WEEKLY REVIEW

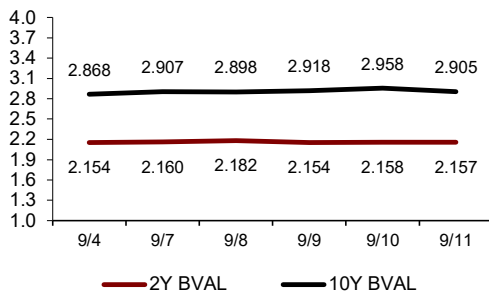
September 14, 2020

Local equities and yields rose, and the Philippine peso strengthened as local coronavirus cases started to flatten.

- ✓ The **PSEI** rebounded from its losses last week as COVID-19 cases in the Philippines started to flatten. Gains were capped by the recent GDP downgrade by Fitch and complications on vaccine developments. The PSEI closed at 5,967.96 (+3.16% WoW).
- ✓ Losses were led by San Miguel Corporation. (PSE ticker: SMC; -1.28% WoW), Aboitiz Equity Ventures Inc. (AC; -1.11%), and Robinsons Retail Holdings, Inc. (RRHI; -0.71%). On the other hand, gains were led by Alliance Global Group, Inc. (AGI; +13.24%), Ayala Land, Inc. (ALI; +7.80%), and SM Investments Corporation. (SM; +6.97%).
- ✓ **Key events that transpired during the week:**
- ✓ **Globe Telecom (PSE Ticker: GLO)** plans to have 900 more cell towers constructed by its partners. This will help decongest towers which have an average of 7,00 subscribers per tower, as opposed to the ideal 1,000.
- ✓ **San Miguel Corp (PSE Ticker: SMC)** said two bills regarding its new airport project in Bulacan has been approved by the House of Representatives. House Bill 7507 will grant the company a franchise to construct and operate the New Manila International Airport for 50 years, along with a 10-year tax exemption.



Local Bond Market Movements



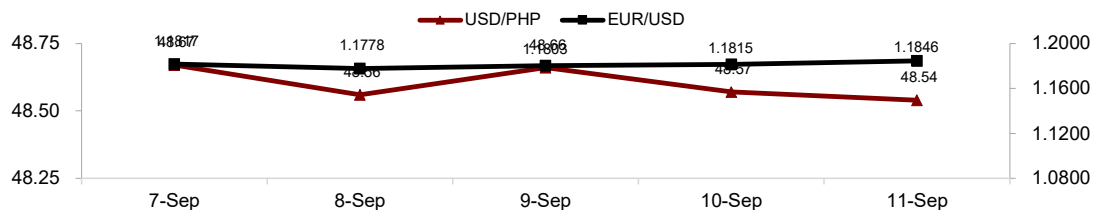
- ✓ The **Philippine Peso** strengthened on easing coronavirus cases. The USD/PHP pair ended at 48.54 (-0.16% WoW).
- ✓ The **Euro** was flat as the market awaited for the European Central Bank's meeting. Moreover, investors remained focused on the Tech stock sell-off in the US that led to the weakness of the dollar. The EUR/USD pair closed at 1.1846 (+0.07% WoW).

- ✓ **Local fixed income yields** rose as cases of COVID-19 in the Philippines began to flatten. News that the BSP will issue bills and bonds starting September 18 also pushed yields higher. On average, yields rose by 2.37 bps.
- ✓ **Key events that happened during the week:**
- ✓ The **Bangko Sentral Pilipinas** will be launching its own securities to help manage liquidity in the system. It will initially offer Php 20bn worth of 28-day bills on September 18 and will gradually **increase the size depending on how the market responds**.
- ✓ Based on preliminary data from the **Philippine Statistics Authority**, the Philippines posted a trade deficit amounting to \$1.83 billion in July, the highest since March 2020. However, this is still lower than the \$3.64 billion deficit posted last year as trade activities remain subdued. Exports decline 9.6% YoY, while imports fell 24.4% YoY.

Foreign Exchange

Pair	Previous Close 09/04/20	Closing 09/11/20
USD/PHP	48.620	48.540
EUR/USD	1.1838	1.1846

Foreign Exchange



Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones, The Wall Street Journal, CNBC

