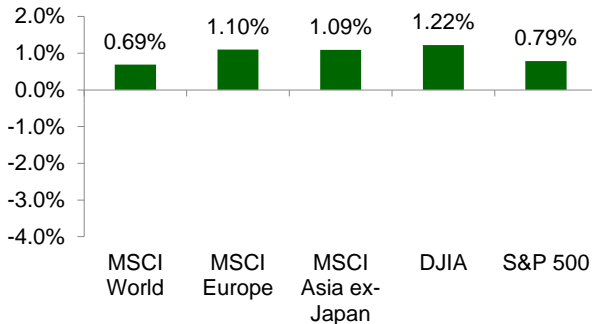


THE WEEKLY REVIEW

October 11, 2021

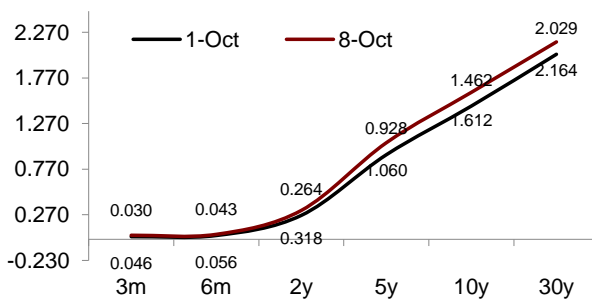
Global equities gained and global yields went up amid risk-on sentiment. Global oil prices rose on the back of sustained global demand and limited supply.

Global Equities

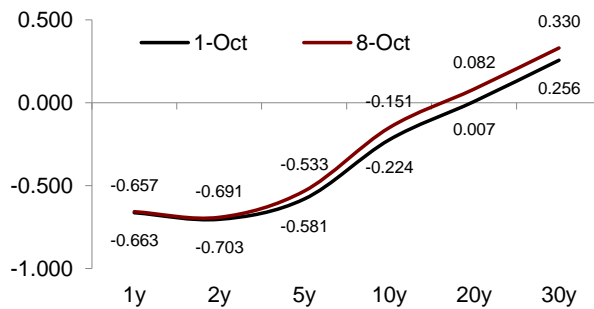


- ✓ **US equities** rose after the agreement on the temporary extension of the US debt ceiling. This was also partly driven by positive sentiment on the ISM services PMI which rose to 61.9 in September from 61.7 in August. A PMI level above 50 means business conditions are improving. The DJIA closed at 34,746.25 (+1.22% WoW), while the S&P 500 closed at 4,391.34 (+0.79% WoW).
- ✓ **Asian equities** rose as the Caixin China PMI composite improved to an expansion of 51.4 in September from 47.2 in the previous month. However, inflationary concerns amid rising oil prices and Evergrande's debt crisis tempered gains during the week. The MSCI APXJ closed at 637.97 (+1.09% WoW).
- ✓ **European equities** gained amid temporary extension of the US debt ceiling. The MSCI Europe closed at 151.57 (+1.10% WoW).

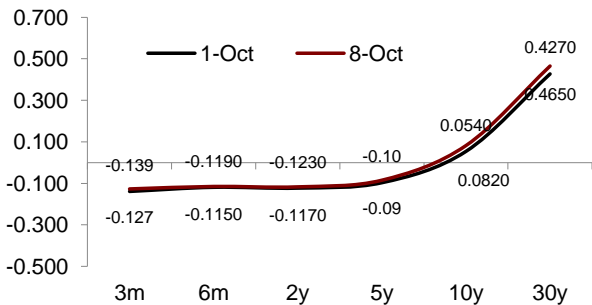
US Treasuries



German Bunds



Japanese Government Bonds



- ✓ **US Treasury yields** rose amid higher inflation expectations as commodity prices remained elevated. Moreover, continued job gains in the US helped improve overall investor sentiment. On average, yields went up by 8.32 bps WoW, with the 10Y closing at 1.61% (+15.02 bps).
 - ✓ **German bund yields** rose as oil prices reached record highs last week, which increased inflation worries among investors. On average, yields rose by 4.80 bps with the 10Y yield closing at -0.15% (+7.30 bps WoW).
 - ✓ **Japanese bond yields** went up, tracking the movement in US Treasury yields. On average, yields went up by 1.67 bps WoW with the 10Y closing at 0.08% (+2.80 bps WoW).
- Key events that transpired during the week:**
- ✓ China ordered the immediate increase of coal production amid its power crunch. As China continues to import coal to secure its power supply, Newcastle coal prices have surged 320.20% YoY as of October 8.
 - ✓ The US Labor Department reported that nonfarm payrolls grew by 194,000 in September, which was below expectations of 500,000.

Commodities

\$bbl	8-Oct-2021	% Change
Brent	82.39	3.92%
WTI	79.35	4.57%
BBG Commodity index	102.62	1.68%

- ✓ **Global oil prices** continued to rise amid sustained global demand and limited supply. Investors also weighed OPEC's decision to retain, rather than raise, its planned output increase. Brent oil closed at \$82.39 per barrel (+3.92% WoW), while WTI crude closed at \$79.35 per barrel (+4.57% WoW).

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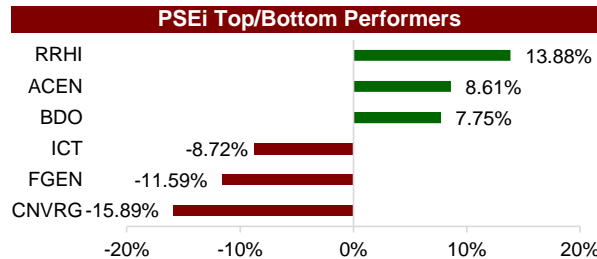
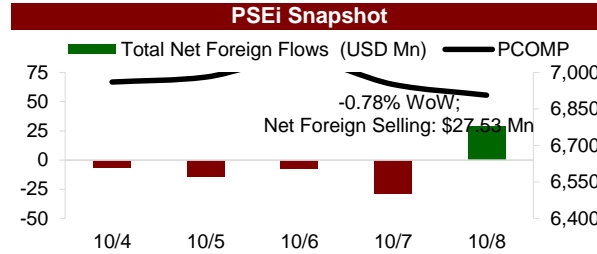
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THE WEEKLY REVIEW

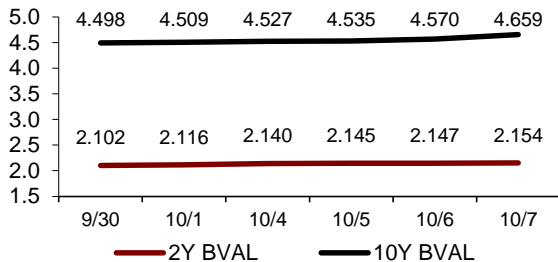
October 11, 2021

Local equities closed lower on COVID-19 concerns and as FGEN and CNVRG stocks declined. Local fixed income yields rose as it tracked US Treasury yields. The Philippine peso strengthened on slower-than-expected inflation.

- ✓ **Local equities** declined during the week as the Philippines ranked last in the Nikkei's COVID-19 recovery index. The PSEi was also dragged by stock price declines of FGEN as it was set to be removed from the index, and CNVRG as the 365-day lock-up period on shares owned by Warburg Pincus LLC, which owns 15.8% of CNVRG, expired last Friday. The PSEi finished at 6,906.86 (-0.24% WoW).
- ✓ Gains were led by Robinsons Retail Holdings, Inc. (RRHI; +13.88%), AC Energy Corporation (ACEN; +8.61%), and BDO Unibank, Inc. (BDO; +7.75%). Meanwhile, Converge ICT Solutions Inc. (CNVRG; -15.89%), First Gen Corporation (FGEN; -11.59%), and International Container Terminal Services, Inc. (ICT; -8.72%) were the laggards of the week.
- ✓ **Key events that transpired during the week:**
- ✓ **Jollibee Worldwide Pte. Ltd. (JWPL)**, a wholly-owned subsidiary of Jollibee Foods Corporation (PSE Ticker: JFC) has announced its tender offer to buy back up to \$250 million of its \$600 million outstanding senior perpetual securities listed on the official list of the Singapore Securities Trading Limited. The buyback will be partly funded by the proceeds of JWPL's initial tranche of up to 12,000,000 preferred shares under its 20,000,000 preferred shares shelf registration.
- ✓ **Wilcon Depot Inc. (PSE Ticker: WLCON)** has been included in the main-share Philippine Stock Exchange index replacing First Gen Corporation, which will be effective on October 11, 2021. This was following the tender offer transaction made by FGEN which reduced its public float to below the minimum requirement to be considered in the PSEi.



Local Bond Market Movements



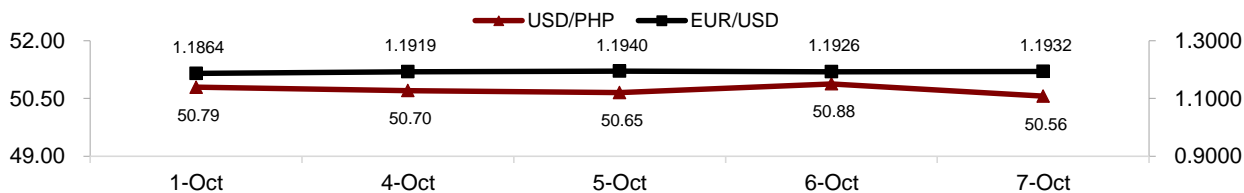
- ✓ The **Philippine peso** slightly strengthened as market participants digested the inflation data and upbeat volume of production index which rose by 534.6% YoY in August, from a contraction of 82.2% in the same month last year. The USD/PHP pair closed at 50.58 (-0.41% WoW).
- ✓ The **Euro** weakened as ECB Minutes noted that inflation is skewed to the upside. The EUR/USD pair closed at 1.16 (-0.23% WoW).

- ✓ **Local fixed income yields** were mixed but rose on average following the movements of US Treasuries. Globally, inflation expectations were up as commodity prices remained elevated. On average, yields went up by 5.56 bps WoW with the 10Y closing at 4.66% (+16.12 bps WoW).
- ✓ **Key events that happened during the week:**
- ✓ Data from the **Philippine Statistics Authority** showed that September inflation rose by 4.8% YoY, slower than consensus expectations of 5.1% and median BSP estimate of 5.2%. Food inflation and transportation decelerated faster than expected, with lower meat prices and high base effects for transportation.
- ✓ **Fitch Ratings** downgraded its 2021 GDP forecast for the Philippines to 4.4% from 5.0%. Fitch cited the resurgence in COVID cases and low vaccination rates for the downgrade. For 2022, the credit rating agency upgraded its forecast to 6.8% from 6.6%.

Foreign Exchange

Pair	Previous Close	10/01/21	10/08/21
USD/PHP	50.790	50.790	50.580
EUR/USD	1.1596	1.1596	1.1569

Foreign Exchange



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

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