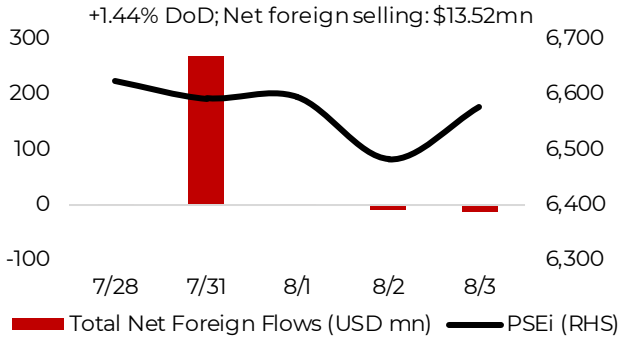


The Morning View

AUGUST 4, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,576.76	+1.44%
3-mo bond yield	5.61%	+9.10 bps
2-yr bond yield	6.24%	+0.48 bps
10-yr bond yield	6.47%	+6.64 bps
USDPHP	55.52	+0.60%
Oil (Brent, \$ / barrel)	85.14	+2.33%

The **Department of Agriculture (DA)** reported that damage and losses caused by Typhoon Egay in the agricultural and fisheries sector amounted to Php4.5 billion, while production volume losses reached 152,041 metric tons and 195,539 hectares of farmland.

PLDT Inc. (PSE Ticker: TEL) reported 2Q23 net income of Php9.4 bn (+22.4% YoY), bringing 1H23 net income to Php18.5 bn (+9.9% YoY). Net income for the first half was lifted by the Php879 mn increase in revenues along with the ~Php800 mn decrease in cash operational expenses, subsidies, and provisions.

Local equities rose as investors sought bargains following a strong batch of local corporate earnings. Expectations of a cooler inflation reading in July ahead of its release also lifted market sentiment. The PSEi closed at 6,576.76 (+1.44% DoD).

Local fixed income yields rose ahead of the release of the July local inflation print. On average, yields rose by 2.90 bps, with the 2Y closing at 6.24% (+0.48 bps) and the 10Y closing at 6.47% (+6.64 bps).

The **Philippine peso** weakened as investors digested stronger-than-expected US private payrolls data which pointed to continued labor market resilience in the US. The USD/PHP pair closed at 55.52 (+0.60% DoD).

The **US ISM Services PMI fell to 52.7 in July (June: 53.9)** as growth in business activity, new orders, and employment decelerated. Meanwhile, initial weekly jobless claims slightly rose to 227,000, while nonfarm productivity rebounded 3.7% QoQ, still indicating a strong labor market.

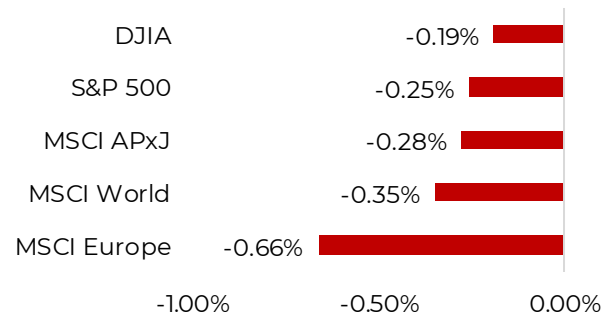
The **Bank of England raised its key interest rate by 25 bps to 5.25%**, a 15-year peak. The BoE emphasized data dependency in its decision, hinting that borrowing costs are likely to stay high given that inflation is way above its 2% target.

US equities slightly fell as investors weighed the continuing rise in treasury yields amid the fresh releases of economic data. The S&P 500 closed at 4,501.89 (-0.25% DoD) and the DJIA closed at 35,215.89 (-0.19% DoD).

US Treasury yields jumped as investors digested the marginal rise in initial jobless claims and the stronger-than-expected nonfarm productivity data. On average, yields gained 4.86 bps, with the 2Y closing at 4.89% (+0.20 bps) and the 10Y closing at 4.18% (+9.50 bps).

The **US dollar** slightly weakened after release of the July ISM Services PMI, as the weaker-than-expected result dampened strong US data streak. The DXY closed at 102.54 (-0.05% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,501.89	-0.25%
DJIA	35,215.89	-0.19%
3-mo US Treasury yield	5.41%	-3.20 bps
2-yr US Treasury yield	4.89%	+0.20 bps
10-yr US Treasury yield	4.18%	+9.50 bps
DXY	102.54	-0.05%