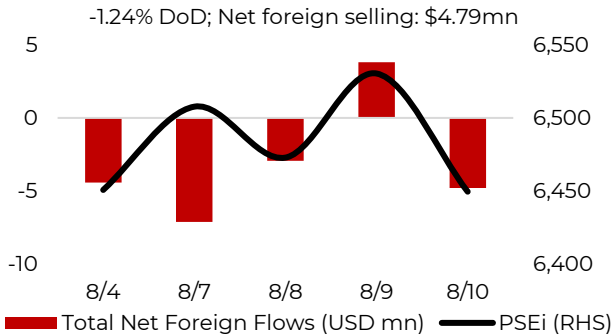


The Morning View

AUGUST 11, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,449.66	-1.24%
3-mo bond yield	5.81%	+2.46 bps
2-yr bond yield	6.30%	-0.21 bps
10-yr bond yield	6.57%	-1.53 bps
USDPHP	56.22	+0.04%
Oil (Brent, \$ / barrel)	86.4	-1.31%

The **Philippine Statistics Authority** reported gross domestic product (GDP) grew by 4.3% in 2Q23, behind consensus expectations of 6.0%. The lower-than-expected growth during the quarter was on the back of sluggish government spending and weak capital formation. On a quarter on-quarter basis (seasonally adjusted), GDP declined by 0.9% (vs. +1.0% in 1Q23 and +1.6% in 2Q22).

Converge Information and Communications Technology Solutions, Inc. (Ticker: CNVRG) is planning to allocate a Php15 to Php17 billion budget in 2024 to complete investments in subsea cable systems.

Local equities fell as investors mulled over the second quarter local GDP data which came in lower than consensus expectations. The PSEi closed at 6,449.66 (-1.24% DoD).

Local fixed income yields were flat following the disappointing 2Q23 GDP data. On average, yields were flat, with the 2Y closing at 6.30% (-0.21 bps) and the 10Y closing at 6.57% (-1.53 bps).

The **Philippine peso** weakened after local GDP print for 2Q23 disappointed market expectations. The USD/PHP pair closed at 56.22 (+0.04% DoD).

The **US headline CPI rose by 3.2% YoY in July** (June: 3.0%), while core CPI softened to 4.7% YoY (June: 4.8%), driven by rising shelter costs. The easing inflation supported a raise in real average hourly earnings by 1.1% YoY in July. Meanwhile, weekly jobless claims increased to 248,000.

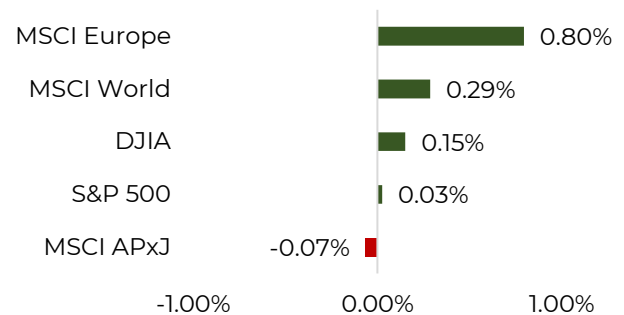
Japan's Corporate Goods Price Index (CGPI) rose by 3.6% YoY in July (June: 4.3%), as import pressures on inflation and global commodity prices eased, which cooled down the costs of corporate goods.

US equities inched up as investors digested the latest US CPI data which slightly increased MoM but was still lower-than-expected YoY. The S&P 500 closed at 4,468.83 (+0.03% DoD) and the DJIA closed at 35,176.15 (+0.15% DoD).

US Treasury yields soared as investors digested waning July CPI inflation print but still above the Fed's 2% target, following 30-year bond auction by the US Treasury this week. On average, yields gained 5.76 bps, with the 2Y closing at 4.85% (+3.40 bps) and the 10Y closing at 4.11% (+9.30 bps).

The **US dollar** strengthened after US inflation data edged up in July to 3.2% YoY. The DXY closed at 102.52 (+0.03% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,468.83	+0.03%
DJIA	35,176.15	+0.15%
3-mo US Treasury yield	5.45%	-0.90 bps
2-yr US Treasury yield	4.85%	+3.40 bps
10-yr US Treasury yield	4.11%	+9.30 bps
DXY	102.52	+0.03%