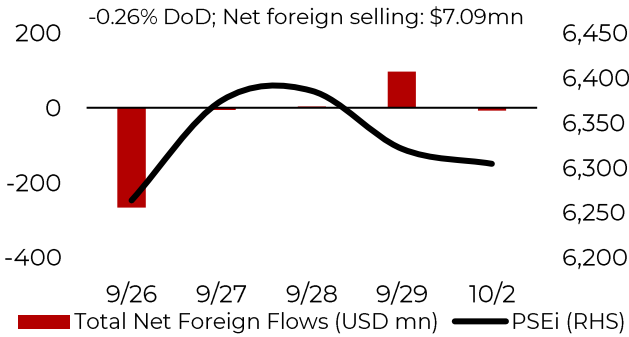


The Morning View

OCTOBER 3, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,304.53	-0.26%
3-mo bond yield	5.66%	-4.94 bps
2-yr bond yield	6.25%	+0.09 bps
10-yr bond yield	6.49%	-0.04 bps
USDPHP	56.775	+0.35%
Oil (Brent, \$ / barrel)	90.71	-4.83%

The **Bureau of the Treasury (BTr)** reported that the National Government's debt rose by Php110 billion from end-July to Php14.35 trillion as of end-August. The BTr said the MoM increase can be attributed to peso depreciation. Year-to-date, total outstanding debt rose by 6.9%.

Converge Information and Communications Technology Solutions, Inc. (Ticker: CNVRG) reached two million residential subscribers following its entry into prepaid and mass market segments. Converge now offers a prepaid fiber internet product and a low-cost postpaid plan.

Local equities marginally declined at the start of the trading week as investors positioned ahead of the September inflation data release. The PSEi closed at 6,304.53 (-0.26% DoD).

Local fixed income yields fell on bargain hunting after 7 sessions of rising yields amid hawkish sentiment from the Bangko Sentral ng Pilipinas, increased inflation expectations, as well as BTr issuances. On average, yields fell by 1.16 bps, with the 2Y closing at 6.25% (+0.09 bps) and the 10Y closing at 6.49% (-0.04 bps).

The **Philippine peso** weakened amid market expectations of potentially higher inflation in September. The USD/PHP pair closed at 56.775 (+0.35% DoD).

US ISM Manufacturing PMI improved but remained soft at 49.0 in September (August: 47.6) as production, new orders, and employment picked up. Meanwhile, prices paid by manufacturers for inputs dropped to 43.8 (August: 48.4).

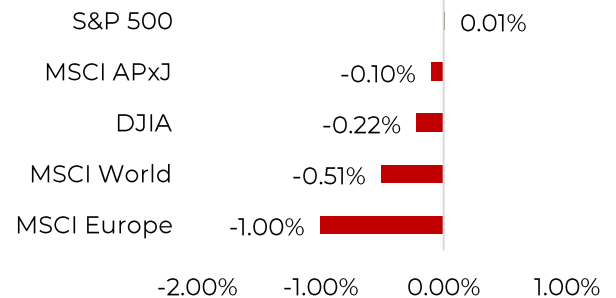
Euro zone unemployment rate slightly ticked down to 6.4% in August (July: 6.5%) despite weaker economic data. The fall in the number of unemployed was concentrated in Italy and Spain, while unemployment remained at a low level in Germany.

US equities were mixed as the government shutdown aversion was unable to lift market sentiment. Investors also digested the latest manufacturing data for the US. The S&P 500 closed at 4,288.39 (+0.01% DoD) and the DJIA closed at 33,433.35 (-0.22% DoD).

US Treasury yields jumped as investors awaited releases of manufacturing sector data and several labor market reports this week. Moreover, yields were boosted by the US government's aversion of a shutdown. On average, yields rose by 7.17 bps, with the 2Y closing at 5.11% (+5.80 bps) and the 10Y closing at 4.68% (+10.80 bps).

The **US dollar** strengthened as the US government avoided a shutdown and fresh manufacturing data improved. The DXY closed at 106.9 (+0.69% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,288.39	+0.01%
DJIA	33,433.35	-0.22%
3-mo US Treasury yield	5.48%	+2.00 bps
2-yr US Treasury yield	5.11%	+5.80 bps
10-yr US Treasury yield	4.68%	+10.80 bps
DXY	106.90	+0.69%

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