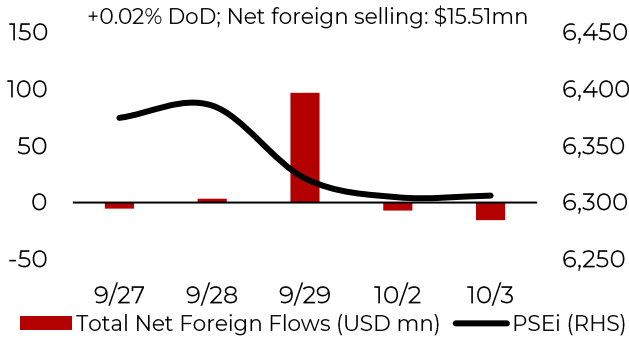


# The Morning View

OCTOBER 4, 2023

## Philippine Stock Exchange Index



|                          | Level    | DoD       |
|--------------------------|----------|-----------|
| PSEi                     | 6,305.99 | +0.02%    |
| 3-mo bond yield          | 5.67%    | +1.22 bps |
| 2-yr bond yield          | 6.25%    | +0.17 bps |
| 10-yr bond yield         | 6.49%    | -0.24 bps |
| USDPHP                   | 56.78    | +0.01%    |
| Oil (Brent, \$ / barrel) | 90.92    | +0.23%    |

The **Bureau of Plant Industry**, an agency under the **Department of Agriculture**, recommended removing the price caps amid lower international rice prices and improving local supply. The agency also sees rice supply increasing to 74 days worth of supply as of end-October from the 52 days worth of supply as of end-September.

**Globe Telecom, Inc. (Ticker: GLO) entered into an agreement to sell its 77% stake in Electronic Commerce Payments, Inc. (ECPay) to Globe Fintech Innovations, Inc. (Mynt)**, the parent firm of GCash, for Php2.31 billion. Payment One, Inc. also agreed to sell its 23% stake, allowing Mynt to fully acquire ECPay.

**Local equities** inched up as investors positioned ahead of another index rebalancing. The stronger S&P Global Manufacturing PMI data for the Philippines in September also improved market sentiment. The PSEi closed at 6,305.99 (+0.02% DoD).

**Local fixed income yields** rose as Fed officials said rates will remain high for “some time” to tame inflation. Investors also positioned ahead of the local inflation data release. On average, yields rose by 1.38 bps, with the 2Y closing at 6.25% (+0.17 bps) and the 10Y closing at 6.49% (-0.24 bps).

The **Philippine peso** closed flat on the back of mixed developments including the improving local manufacturing data and hawkish signals from the US Fed. The USD/PHP pair closed at 56.78 (+0.01% DoD).

**US Job Openings and Labor Turnover Survey (JOLTS) showed job openings jumped to 9.6 million in August (July: 8.8 million).** This was driven by the surge in demand for workers in the professional and business services sector. Small and medium-sized firms accounted for most of the increases. Meanwhile the layoffs and quits rate remained at 1.1% and 2.3%, respectively.

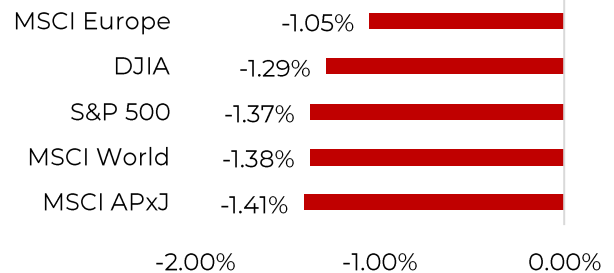
**US construction spending rose 0.5% MoM in August (July: revised +0.9%)** due to higher outlays on single-family and multi-family housing projects. Private construction spending increased 0.5% MoM, while public construction spending rebounded 0.6% MoM.

**US equities** dropped as the unexpectedly high job openings data fueled investors’ fears of higher-for-longer rates ahead. The S&P 500 closed at 4,229.45 (-1.37% DoD) and the DJIA closed at 33,002.38 (-1.29% DoD).

**US Treasury yields** soared as investors digested the higher-than-expected August job openings data, indicating a still tight labor market that could compel the Fed to hike the policy rate further. On average, yields rose by 7.33 bps, with the 2Y closing at 5.15% (+4.80 bps) and the 10Y closing at 4.80% (+11.70 bps).

The **US dollar** strengthened after the stronger-than-expected August job openings report signaled that the labor market remained tight. The DXY closed at 107.00 (+0.09% DoD).

## Global Stock Indices



|                         | Level     | DoD        |
|-------------------------|-----------|------------|
| S&P 500                 | 4,229.45  | -1.37%     |
| DJIA                    | 33,002.38 | -1.29%     |
| 3-mo US Treasury yield  | 5.52%     | +3.90 bps  |
| 2-yr US Treasury yield  | 5.15%     | +4.80 bps  |
| 10-yr US Treasury yield | 4.80%     | +11.70 bps |
| DXY                     | 107.00    | +0.09%     |

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