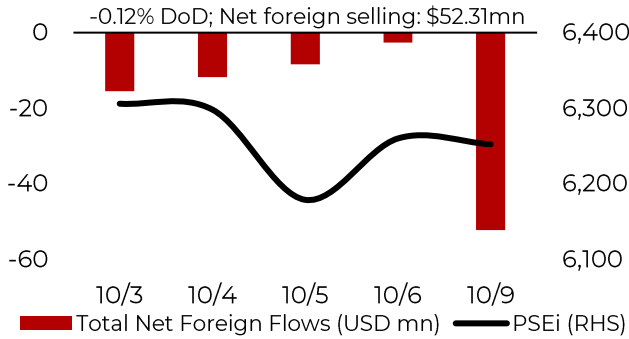


# The Morning View

OCTOBER 10, 2023

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,252.16	-0.12%
3-mo bond yield	5.73%	+1.78 bps
2-yr bond yield	6.35%	+3.75 bps
10-yr bond yield	6.55%	-3.86 bps
USDPHP	56.95	+0.58%
Oil (Brent, \$ / barrel)	88.15	+4.22%

**Department of Finance Secretary** and **Monetary Board member Benjamin Diokno** believes the Bangko Sentral ng Pilipinas has done enough policy tightening to tame inflation. He commented that further tightening is unnecessary given that the recent inflationary pressures are supply-driven.

**Manila Electric Company (Ticker: MER)** will deploy at least **300 generator sets** to avert power interruptions during the upcoming **Barangay and Sangguniang Kabataan Elections (BSKE)**. The firm also conducted electric facility inspections and prepared 800 flood lights on standby near the polling places.

**Local equities** weakened amid negative sentiment over the heightened Israel-Hamas conflict. The market also continued to assess the implications of elevated inflation and strong labor market on monetary policy. The PSEi closed at 6,252.16 (-0.12% DoD).

**Local fixed income yields** continued to rise on inflationary concerns from the Israel-Hamas conflict. On average, yields rose by 2.70 bps, with the 2Y closing at 6.35% (+3.75 bps) and the 10Y closing at 6.55% (-3.86 bps).

The **Philippine peso** weakened on safe-haven demand for the US dollar after the breakout of the Israel-Hamas war. The surge in global oil prices also weighed on the peso. The USD/PHP pair closed at 56.95 (+0.58% DoD).

**Canada's labor market beat expectations by adding 63,800 jobs in September.** Additionally, unemployment rate remained at 5.5% for a third consecutive month, while average hourly wage for permanent employees inched up 5.3% in the same month (August: 5.2%).

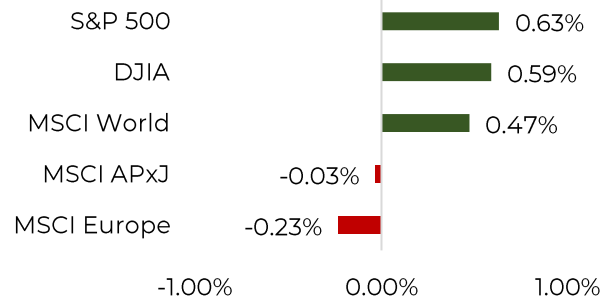
**Germany's industrial output contracted 0.2% MoM in August (July: revised -0.6%)** as energy production, construction, and manufacture of machinery and equipment remained under pressure. Meanwhile, production growth in the automotive industry rebounded 7.6% MoM (July: -9.4%).

**US equities** rose as investors brushed off concerns over the jump in oil prices amid the Israel-Hamas conflict. The S&P 500 closed at 4,335.66 (+0.63% DoD) and the DJIA closed at 33,604.65 (+0.59% DoD).

**US Treasury yields** were unchanged as the bond markets were closed in observance of Columbus Day. The 2Y closed at 5.09% (+0.0 bps) and the 10Y closed at 4.81% (+0.0 bps).

The **US dollar** closed flat as investors waited for further developments on the Israel-Hamas conflict. The DXY closed at 106.08 (+0.04% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,335.66	+0.63%
DJIA	33,604.65	+0.59%
3-mo US Treasury yield	5.52%	0.00 bps
2-yr US Treasury yield	5.09%	0.00 bps
10-yr US Treasury yield	4.81%	0.00 bps
DXY	106.08	+0.04%

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