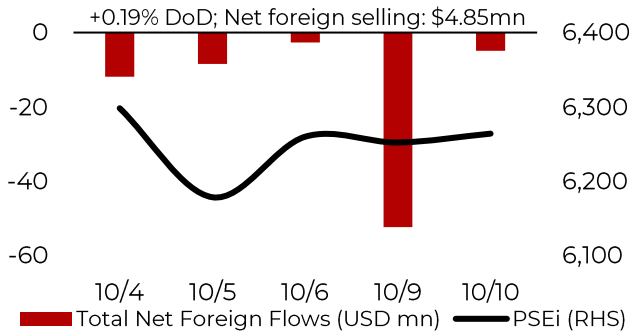


# The Morning View

OCTOBER 11, 2023

## Philippine Stock Exchange Index



Preliminary data from the **Philippine Statistics Authority** showed that the country's trade deficit narrowed to its two-month low of \$4.13 billion in August. Exports grew 4.2% YoY, while imports contracted 13.1% YoY during the month.

**SM Investments Corp. (Ticker: SM) is bullish on its growth outlook in the remaining months of 2023.** The improved performance can be mainly attributed to the firm's retail, banking and property segments, which are SMIC's core businesses. According to Chairman Tetangco, growth is expected due to the higher consumer spending for Christmas.

**Local equities** inched up as the improvement in export data and narrowing of trade deficit in August lifted market sentiment. Moreover, the dovish comments of US Fed officials also provided further support. The PSEi closed at 6,264.07 (+0.19% DoD).

**Local fixed income yields** were mixed amid dovish remarks from Fed officials and as the Bureau of the Treasury raised Php10 billion worth of reissued bonds. On average, yields rose by 3.25 bps, with the 2Y closing at 6.35% (-0.18 bps) and the 10Y closing at 6.55% (+0.04 bps).

The **Philippine peso** strengthened on dovish hints from US Fed officials who urged caution over further US policy rate hikes. The USD/PHP pair closed at 56.82 (-0.23% DoD).

	Level	DoD
PSEi	6,264.07	+0.19%
3-mo bond yield	5.84%	+11.33 bps
2-yr bond yield	6.35%	-0.18 bps
10-yr bond yield	6.55%	+0.04 bps
USDPHP	56.82	-0.23%
Oil (Brent, \$ / barrel)	87.65	-0.57%

**The International Monetary Fund maintained its global real GDP growth forecast for 2023 at 3.0%** as the "remarkable strength" of the US economy offset the weaker prospects for China and the Eurozone. However, it trimmed its 2024 forecast to 2.9% (previous: 3.0%).

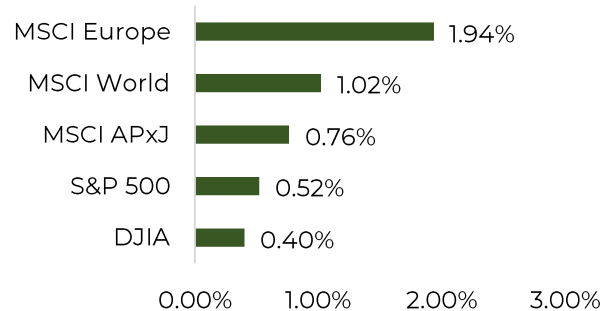
**US Small Business Optimism Index further declined to 90.8 in September (August: 91.3).** According to the National Federation of Independent Business (NFIB), the elevated inflation and tight labor market were among the top contributors to owners' pessimism about future business conditions.

**US equities** climbed amid easing Treasury yields and oil prices. Investors also digested dovish comments from US Fed officials. The S&P 500 closed at 4,358.24 (+0.52% DoD) and the DJIA closed at 33,739.30 (+0.40% DoD).

**US Treasury yields** dropped as investors sought safe-haven investments amid concerns on the Israel-Hamas conflict. On average, yields fell by 10.30 bps, with the 2Y closing at 4.97% (-11.30 bps) and the 10Y closing at 4.66% (-15.00 bps).

The **US dollar** weakened after dovish comments from Atlanta Fed President Bostic bolstered speculation that the Fed is headed toward a pause in interest rate hikes. The DXY closed at 105.83 (-0.24% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,358.24	+0.52%
DJIA	33,739.30	+0.40%
3-mo US Treasury yield	5.51%	-0.60 bps
2-yr US Treasury yield	4.97%	-11.30 bps
10-yr US Treasury yield	4.66%	-15.00 bps
DXY	105.83	-0.24%

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