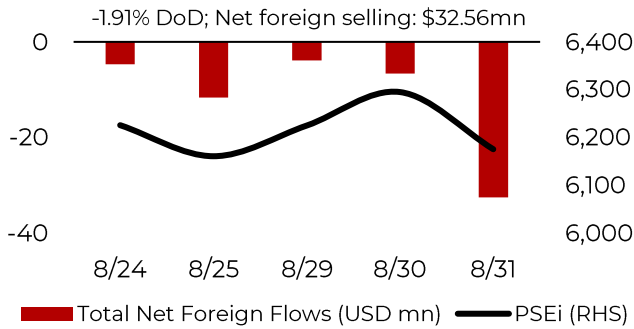


The Morning View

SEPTEMBER 1, 2023

Philippine Stock Exchange Index



The **Bureau of the Treasury (BTr)** reported that the national government's budget deficit stood at Php47.8 billion in July, a 44.9% YoY decrease. The narrowing deficit was attributed to the growth in revenue collections outpacing the growth in government expenditures.

International Container Terminal Services, Inc. (Ticker: ICT) said it signed a \$750-million loan agreement with **Metropolitan Bank & Trust Co. (Ticker: MBT)**. The six-year credit facility will be used to fund the company's planned expansion overseas.

Local equities fell amid the MSCI rebalancing. Investors also digested recent weak economic data in China and the US. The PSEi closed at 6,175.25 (-1.91% DoD).

Local fixed income yields were mixed as investors digested the BSP's upward revision to the 2023 and 2024 inflation forecasts, raising economic outlook concerns. On average, yields rose by 0.27 bps, with the 2Y closing at 6.19% (-0.37 bps) and the 10Y closing at 6.39% (+0.02 bps).

The **Philippine peso** strengthened as investors digested the softer labor data in the US which supported views that the US Fed may possibly pause its rate hikes next month. The USD/PHP pair closed at 56.60 (-0.23% DoD).

	Level	DoD
PSEi	6,175.25	-1.91%
3-mo bond yield	5.71%	-0.42 bps
2-yr bond yield	6.19%	-0.37 bps
10-yr bond yield	6.39%	+0.02 bps
USDPHP	56.595	-0.23%
Oil (Brent, \$ / barrel)	86.86	+1.16%

US PCE inflation remained high, rising 3.3% YoY in July (+0.2% MoM), and core gaining 4.2% YoY (+0.2% MoM) as consumer spending recorded strongest monthly gain of 0.8% MoM since January, driven by increased spending on both goods and services.

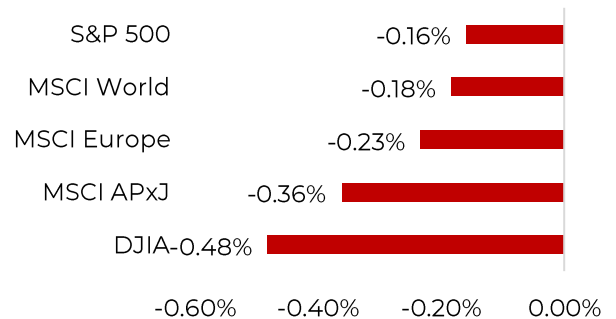
Euro zone headline inflation was steady at 5.3% YoY in August, while core slowed to 5.3%, as food prices continued to be the biggest driver. The stubborn inflation data garnered mixed views on the next interest rate move of the ECB on its meeting this month.

US equities slipped as investors digested the July PCE print which saw an uptick but within consensus expectations. The S&P 500 closed at 4,507.66 (-0.16% DoD) and the DJIA closed at 34,721.91 (-0.48% DoD).

US Treasury yields declined, despite rising PCE inflation data, as investors focused on release of August key jobs data which could provide insight into the state of the economy. On average, yields fell by 1.27 bps, with the 2Y closing at 4.87% (-2.10 bps) and the 10Y closing at 4.11% (-0.80 bps).

The **US dollar** strengthened as investors weighed the increase in US core PCE data. The DXY closed at 103.62 (+0.45% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,507.66	-0.16%
DJIA	34,721.91	-0.48%
3-mo US Treasury yield	5.47%	-1.90 bps
2-yr US Treasury yield	4.87%	-2.10 bps
10-yr US Treasury yield	4.11%	-0.80 bps
DXY	103.62	+0.45%