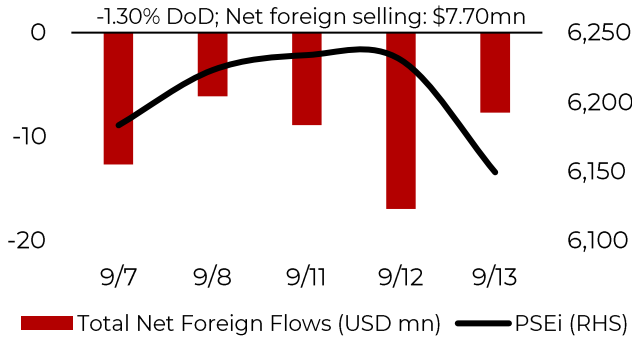


# The Morning View

SEPTEMBER 14, 2023

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,149.18	-1.30%
3-mo bond yield	5.62%	-0.97 bps
2-yr bond yield	6.21%	-0.67 bps
10-yr bond yield	6.45%	+0.53 bps
USDPHP	56.72	+0.12%
Oil (Brent, \$ / barrel)	91.88	-0.20%

The **Bangko Sentral ng Pilipinas (BSP)** reported that the banking sector's nonperforming loan (NPL) ratio remained flat in July despite rising inflation and interest rates. The NPL ratio of Philippine banks was at 3.43% in July, unchanged since June. Non-performing loans in the banking sector grew by 4.5% while total loan portfolio grew by 8.8%.

**San Miguel Corporation (Ticker: SMC)** is planning to issue preferred shares with a minimum initial offering of up to Php50 billion on Nov. 12. The proceeds will be used to pay the company's short-term loans and add investments in its New Manila International Airport in Bulacan province.

**Local equities** fell on profit taking and cautious trading before the August US consumer inflation data was released overnight. The PSEi closed at 6,149.18 (-1.30% DoD).

**Local fixed income yields** continued to decline before the August US CPI data release. On average, yields fell by 0.93 bps, with the 2Y closing at 6.21% (-0.67 bps) and the 10Y closing at 6.45% (+0.53 bps).

The **Philippine peso** weakened amid expectations of faster US inflation in August. The USD/PHP pair closed at 56.72 (+0.12% DoD).

**The US headline CPI accelerated to 3.7% YoY in August (July: 3.2%),** while core inflation cooled to 4.3% YoY (July: 4.7%), largely driven by soaring gas prices but were also pushed by rising prices of food and shelter.

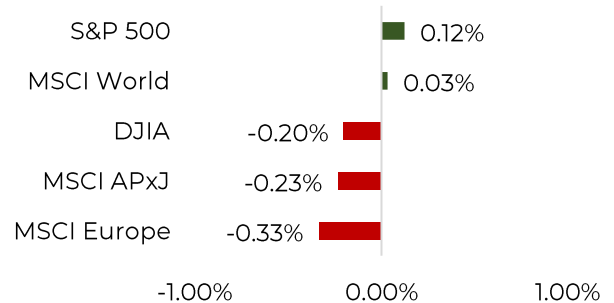
**The UK GDP contracted by 0.5% MoM in July,** reversing the 0.5% growth in June. The services sector saw broad declines as strikes in hospitals and schools as well as the unusually wet weather weighed on output.

**US equities** were mixed as investors assessed the faster increase in consumer prices in August which could warrant the Fed to keep rates higher for longer. The S&P 500 closed at 4,467.44 (+0.12% DoD) and the DJIA closed at 34,575.53 (-0.20% DoD).

**US Treasury yields** fell despite slightly hotter-than-expected August CPI print as the market widely expects the Fed to maintain policy rates next week, but further hikes may be on the horizon. On average, yields fell by 2.13 bps, with the 2Y closing at 4.97% (-2.00 bps) and the 10Y closing at 4.25% (-4.20 bps).

The **US dollar** slightly strengthened as investors focused on the release of the US inflation for August. The DXY closed at 104.77 (+0.05% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,467.44	+0.12%
DJIA	34,575.53	-0.20%
3-mo US Treasury yield	5.50%	+3.50 bps
2-yr US Treasury yield	4.97%	-2.00 bps
10-yr US Treasury yield	4.25%	-4.20 bps
DXY	104.77	+0.05%

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