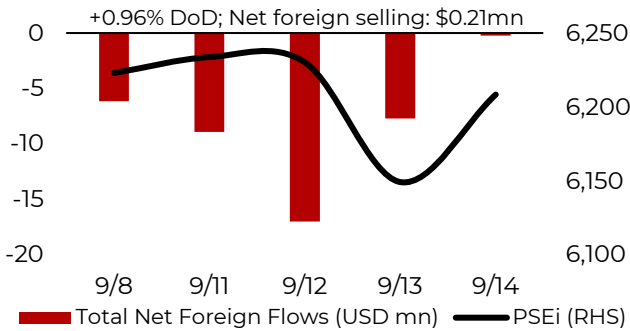


## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,208.40	+0.96%
3-mo bond yield	5.62%	+0.22 bps
2-yr bond yield	6.21%	-0.31 bps
10-yr bond yield	6.46%	+0.09 bps
USDPHP	56.765	+0.08%
Oil (Brent, \$ / barrel)	93.7	+1.98%

The **Bangko Sentral ng Pilipinas (BSP)** Governor sees no need for further rate hikes barring any supply shocks. The Governor said that the August print does not warrant further hikes and that he expects inflation to fall within target by October.

**Manila Electric Company (Ticker: MER)** is planning to invest in electric cooperatives in the country. Currently, the company's franchise area covers 9,685 square kilometers. This provides power to over 7.7 million customer accounts in 38 cities and 73 municipalities.

**Local equities** rebounded due to bargain hunting, and on hopes of a rate pause from the US Fed next week despite the slightly higher-than-expected August US CPI print. The PSEi closed at 6,208.40 (+0.96% DoD).

**Local fixed income yields** fell on dovish comments from the BSP Governor. Investors also positioned ahead of the policy meetings of the US Fed and BSP next week. On average, yields fell by 0.57 bps, with the 2Y closing at 6.21% (-0.31 bps) and the 10Y closing at 6.46% (+0.09 bps).

The **Philippine peso** weakened as investors digested the US inflation data which picked up in August. The USD/PHP pair closed at 56.77 (+0.08% DoD).

The **US PPI jumped 1.6% YoY in August (July: 0.8%)**, while core cooled to 2.2% YoY (July: 2.4%) as energy prices surged. Meanwhile, retail sales grew 0.6% MoM in August, mostly due to sales at gas stations while spending on other goods slowed.

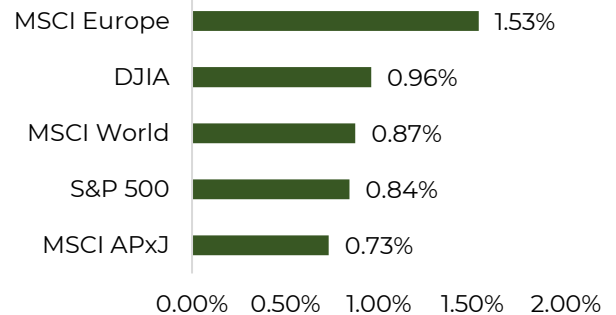
The **European Central Bank (ECB) raised its key interest rate by 25 bps to 4.0%** as the inflation outlook remained elevated. The ECB hinted that it has reached the peak of its tightening cycle but would maintain at this level for a long duration.

**US equities** ended higher as expectations that the Fed would hold rates steady prevailed even after the release of robust economic data. The S&P 500 closed at 4,505.10 (+0.84% DoD) and the DJIA closed at 34,907.11 (+0.96% DoD).

**US Treasury yields** rose as investors digested stronger-than-expected PPI as well as the resilient retail sales figure, both of which could prompt the Fed that further rate hikes are necessary. On average, yields gained 2.58 bps, with the 2Y closing at 5.02% (+4.30 bps) and the 10Y closing at 4.29% (+3.80 bps).

The **US dollar** strengthened as investors digested strong economic data releases in the US and weighed the European Central bank hinting at a possible peak in its rate hiking cycle. The DXY closed at 105.41 (+0.61% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,505.10	+0.84%
DJIA	34,907.11	+0.96%
3-mo US Treasury yield	5.47%	-2.10 bps
2-yr US Treasury yield	5.02%	+4.30 bps
10-yr US Treasury yield	4.29%	+3.80 bps
DXY	105.41	+0.61%