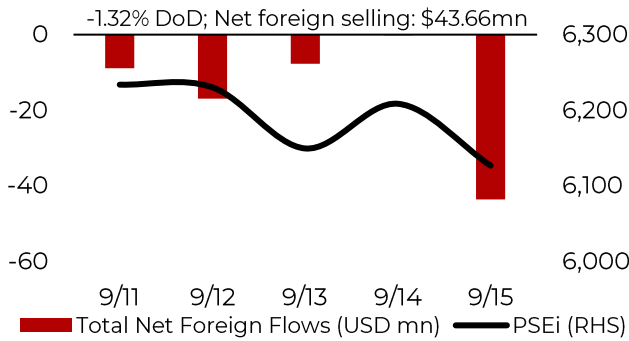


The Morning View

SEPTEMBER 18, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,126.34	-1.32%
3-mo bond yield	5.62%	+0.09 bps
2-yr bond yield	6.21%	+0.17 bps
10-yr bond yield	6.44%	-1.12 bps
USDPHP	56.815	+0.09%
Oil (Brent, \$ / barrel)	93.93	+0.25%

The **Bangko Sentral ng Pilipinas (BSP)** revised its current account deficit forecasts amid weaker global demand. The central bank now expects the current account (% of GDP) to settle at -2.5% and -2.1% in 2023 and 2024, respectively.

Manila Electric Company's (Ticker: MER) power generation arm, Meralco PowerGen Corp, raised its renewable energy capacity target from 1,500 megawatts to 3-5 gigawatts by 2030. This is in line with the company's ongoing efforts to transition to more sustainable energy sources.

Local equities fell on heavy net foreign selling amid the FTSE rebalancing. The PSEi closed at 6,126.34 (-1.32% DoD).

Local fixed income yields slightly fell ahead of the policy meetings of the US Fed and the BSP this week. Analysts expect both central banks to maintain their respective policy rates. On average, yields fell by 0.84 bps, with the 2Y closing at 6.21% (+0.17 bps) and the 10Y closing at 6.44% (-1.12 bps).

The **Philippine peso** slightly weakened as investors waited for policy guidance from the US Fed and the BSP. The USD/PHP pair closed at 56.815 (+0.09% DoD).

US manufacturing production output edged up 0.1% MoM in August (July: 0.4%) amid a decline in motor vehicle production. Meanwhile, import prices rose 0.5% MoM in August (July: 0.1%), while export prices jumped 1.3% MoM (July: 0.5%).

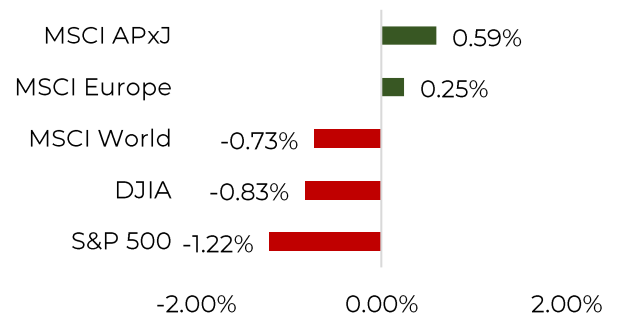
The University of Michigan US Consumer Sentiment Index dipped to 67.7 in September (August: 69.5) amid the decline in the gauge for current economic conditions. Nonetheless, consumer expectations improved as the one-year inflation expectation fell to 3.1%.

US equities dropped as investors turned cautious following mixed economic data releases and ahead of the Fed's policy meeting later this week. The S&P 500 closed at 4,450.32 (-1.22% DoD) and the DJIA closed at 34,618.24 (-0.83% DoD).

US Treasury yields rose as investors digested mixed economic data releases and ahead of the Fed's next policy meeting. On average, yields rose 2.52 bps, with the 2Y closing at 5.04% (+2.10 bps) and the 10Y closing at 4.34% (+4.40 bps).

The **US dollar** weakened as investors digested weak consumer sentiment data and easing inflation expectations. The DXY closed at 105.32 (-0.08% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,450.32	-1.22%
DJIA	34,618.24	-0.83%
3-mo US Treasury yield	5.47%	-0.50 bps
2-yr US Treasury yield	5.04%	+2.10 bps
10-yr US Treasury yield	4.34%	+4.40 bps
DXY	105.32	-0.08%