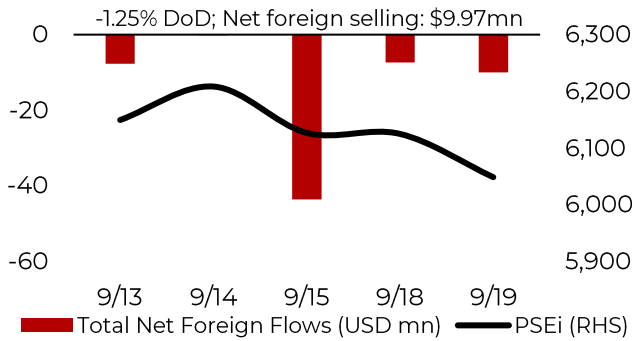


The Morning View

SEPTEMBER 20, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,047.97	-1.25%
3-mo bond yield	5.60%	-0.84 bps
2-yr bond yield	6.18%	-1.75 bps
10-yr bond yield	6.43%	-1.25 bps
USDPHP	56.755	-0.20%
Oil (Brent, \$ / barrel)	94.34	-0.10%

The **House of Representatives** approved on second reading a bill which will reform the pension system of military and uniformed personnel (MUP). The bill is expected to decrease the unfunded liabilities of the MUP pension system to Php3.4 trillion from an estimate of Php14 trillion.

International Container Terminal Services, Inc. (Ticker: ICT) aims to expand the reach of its "ICTSI app" to include more terminals. The tool provides users real time access to critical logistics data and give port users and businesses a competitive advantage.

Local equities fell to a new year-to-date low as market sentiment was weighed down by fears that interest rates would remain higher for longer due to rising global oil prices and other inflationary pressures. The PSEi closed at 6,047.97 (-1.25% DoD).

Local fixed income yields declined as investors positioned ahead of the Fed and BSP's policy meetings and weighed talks of lowering taxes on oil and rice. On average, yields fell by 2.54 bps, with the 2Y closing at 6.18% (-1.75 bps) and the 10Y closing at 6.43% (-1.25 bps).

The **Philippine peso** slightly strengthened as oil prices edged down. This was also amid expectations that the Fed would keep its policy rate steady. The USD/PHP pair closed at 56.755 (-0.20% DoD).

US housing starts fell 11.3% MoM in August (July: revised 2.0%), the lowest since June 2020 as rising mortgage rates curtailed the demand for housing. However, housing permits were up 6.9% MoM which could point to more construction on the way.

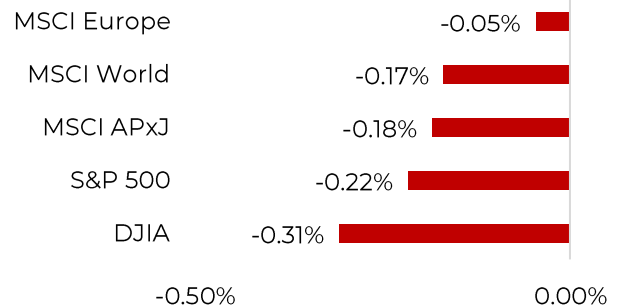
Euro area inflation slightly cooled to 5.2% YoY in August (July: 5.3%), while core inflation also eased to 5.2% YoY (July: 5.5%). The current level is still twice as high as the European Central bank's target of 2% with services contributing the most to annual inflation.

US equities slightly fell as investors stayed on the sidelines to take cues from the US Fed's two-day policy meeting. The S&P 500 closed at 4,443.95 (-0.22% DoD) and the DJIA closed at 34,517.73 (-0.31% DoD).

US Treasury yields rose as investors awaited updates on the interest rate policy decision from the FOMC meeting this week. On average, yields rose 3.66 bps, with the 2Y closing at 5.09% (+3.80 bps) and the 10Y closing at 4.36% (+5.60 bps).

The **US dollar** slightly weakened as investors continued to wait for the Fed's policy decision and weighed the weak housing starts report. The DXY closed at 105.13 (-0.07% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,443.95	-0.22%
DJIA	34,517.73	-0.31%
3-mo US Treasury yield	5.46%	-0.30 bps
2-yr US Treasury yield	5.09%	+3.80 bps
10-yr US Treasury yield	4.36%	+5.60 bps
DXY	105.13	-0.07%