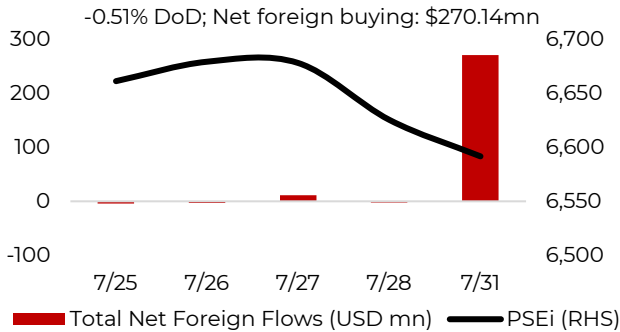


The Morning View

AUGUST 1, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,591.47	-0.51%
3-mo bond yield	5.57%	-12.70 bps
2-yr bond yield	6.23%	+2.02 bps
10-yr bond yield	6.41%	+5.62 bps
USD/PHP	54.88	-0.05%
Oil (Brent, \$ / barrel)	85.56	+0.67%

The **Bangko Sentral ng Pilipinas (BSP)** expects inflation to decelerate to 4.5% in July from 5.4% the month prior. The BSP attributed the potential slowdown to lower electricity rates, declining food prices, lower liquified petroleum gas prices, and a stronger peso. Higher rice prices, vegetable prices, and oil prices are the main upward pressures.

Manila Electric Co. (PSE Ticker: MER) recorded a core net income of Php10.16 billion in 2Q23. This was 52.8% higher than the Php6.65 billion a year ago amid strong energy sales.

Local equities declined further as investors realized profits before markets closed for the day. China's weak July PMI data also soured investors' sentiment on China's economic outlook. The PSEi closed at 6,591.47 (-0.51% DoD).

Local fixed income yields were mixed as market consensus expects July inflation to cool to 4.9% while the BSP expects inflation to decelerate to 4.5%. On average, yields fell by 0.86 bps, with the 2Y closing at 6.23% (+2.02 bps) and the 10Y closing at 6.41% (+5.62 bps).

The **Philippine peso** strengthened as investors digested the weaker-than-expected core PCE in the US which raised bets that the Fed may possibly no longer hike rates further. The USD/PHP pair closed at 54.88 (-0.05% DoD).

The **Eurozone GDP accelerated 0.3% QoQ in 2Q 2023** on the back of stronger tourism and exports from France and Spain but partly offset by Italy's contraction. Meanwhile, headline inflation slowed to 5.3% YoY in July, with core steady at 5.5% YoY, amid stubbornly increasing prices of services.

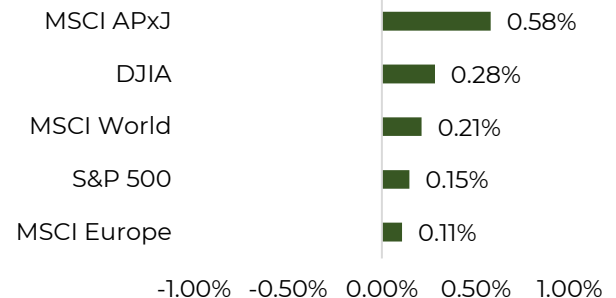
The **China NBS manufacturing PMI rose to 49.3 in July (June: 49.0)** as post-pandemic recovery and export sales falter. Meanwhile, non-manufacturing PMI fell to 51.5 in July (June: 53.2) amid slowing growth momentum in services and construction activities.

US equities closed slightly higher as investors positioned ahead of corporate earnings reports and labor market data slated for release later this week. The S&P 500 closed at 4,588.96 (+0.15% DoD) and the DJIA closed at 35,559.53 (+0.28% DoD).

US Treasury yields were mixed as investors digested cooler-than-expected inflation data and considered what could be next for the monetary policy. On average, yields fell 0.04 bps, with the 2Y closing at 4.88% (-0.20 bps) and the 10Y closing at 3.97% (+1.00 bps).

The **US dollar** strengthened as investors waited for the employment data to be released later this week. The DXY closed at 101.86 (+0.23% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,588.96	+0.15%
DJIA	35,559.53	+0.28%
3-mo US Treasury yield	5.43%	-0.90 bps
2-yr US Treasury yield	4.88%	-0.20 bps
10-yr US Treasury yield	3.97%	+1.00 bps
DXY	101.86	+0.23%