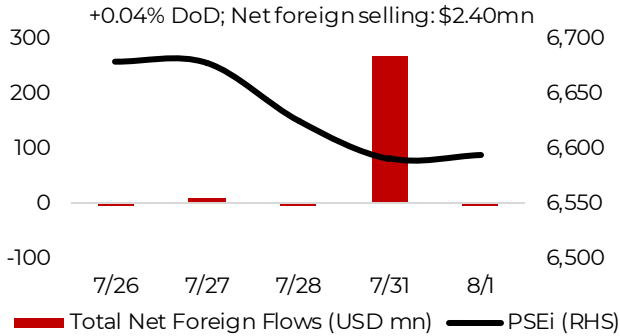


# The Morning View

AUGUST 2, 2023

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,593.80	+0.04%
3-mo bond yield	5.56%	-1.77 bps
2-yr bond yield	6.24%	+1.06 bps
10-yr bond yield	6.39%	-2.26 bps
USDPHP	54.77	-0.20%
Oil (Brent, \$ / barrel)	84.91	-0.76%

Data from the **Bureau of the Treasury** showed that the National Government's outstanding debt rose by 10.6% year-on-year to a new all-time high of Php14.15 trillion as of end-June. 68.6% of debt or Php9.7 trillion came from domestic sources.

**Petron Corp. (Ticker: PCOR)** registered a Php6.14 billion consolidated net income in the first half of 2023, lower than the Php7.70 billion figure in the same period last year. The company attributed the decline in profits to higher financing charges amid the elevated interest rate environment.

**Local equities** closed flat on cautious trading as investors awaited fresh leads ahead of the July local inflation print. Investors also digested the latest local manufacturing PMI report. The PSEi closed at 6,593.80 (+0.04% DoD).

**Local fixed income yields** were still mixed but declined on average amid expectations of cooling inflation. On average, yields fell by 0.37 bps, with the 2Y closing at 6.24% (+1.06 bps) and the 10Y closing at 6.39% (-2.26 bps).

The **Philippine peso** strengthened amid optimism over expectations of local inflation easing further in July. The USD/PHP pair closed at 54.77 (-0.20% DoD).

**Fitch downgraded US credit rating from AAA (top tier) to AA+** as deteriorating governance standards and growing general debt burden weakened its confidence to fiscal management. Fitch also factored in its decision the possibility of a mild recession in 4Q23 or 1Q24.

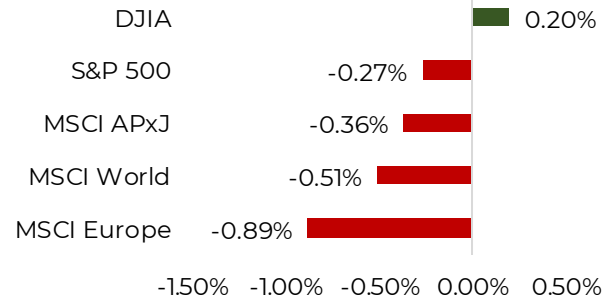
**US job openings fell by 34,000 in June**, while layoffs declined 19,000. Meanwhile, the ISM Manufacturing PMI index edged up to 46.4 in July (June: 46.0) but still below 50 level which reflects a contraction amid persistent order weakness and factory employment decline.

**US equities** were mixed as investors assessed mixed second quarter corporate earnings, lower-than-expected job openings, and weak manufacturing data. The S&P 500 closed at 4,576.73 (-0.27% DoD) and the DJIA closed at 35,630.68 (+0.20% DoD).

**US Treasury yields** rose as investors continued to assess the inflation outlook and digested the recent labor market data. On average, yields gained 3.94 bps, with the 2Y closing at 4.91% (+2.50 bps) and the 10Y closing at 4.03% (+6.40 bps).

The **US dollar** strengthened following the weaker-than-expected US manufacturing PMI and labor market data. The DXY closed at 102.30 (+0.44% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,576.73	-0.27%
DJIA	35,630.68	+0.20%
3-mo US Treasury yield	5.44%	+0.60 bps
2-yr US Treasury yield	4.91%	+2.50 bps
10-yr US Treasury yield	4.03%	+6.40 bps
DXY	102.30	+0.44%

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