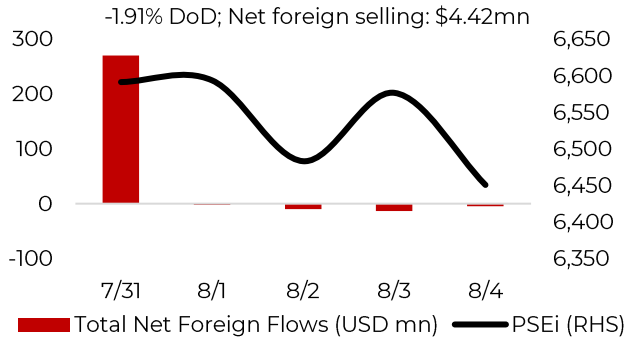


# The Morning View

AUGUST 7, 2023

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,450.84	-1.91%
3-mo bond yield	5.70%	+8.73 bps
2-yr bond yield	6.25%	+1.00 bps
10-yr bond yield	6.56%	+9.26 bps
USDPHP	55.74	+0.40%
Oil (Brent, \$ / barrel)	86.24	+1.29%

The **Philippine Statistics Authority (PSA)** reported that July inflation decelerated by 0.7% to 4.7%, slightly above the Bangko Sentral ng Pilipinas' (BSP) median estimate of 4.5%. Core inflation likewise cooled to 6.7% in July from 7.4%. Lower food and energy costs were the main drivers of the lower inflation print.

**ACEN Corp (Ticker: ACEN)** reported attributable net income of Php2.21 billion in the second quarter (+24.2% YoY) with the increase in net generation amid strong wind regime and as renewable portfolio expands globally with new projects commissioned.

**Local equities** fell amid a steep selloff for the PSEi rebalancing. Market sentiment was weak as concerns over rising US Treasury yields following the Fitch credit downgrade overshadowed the slower-than-expected July local inflation data. The PSEi closed at 6,450.84 (-1.91% DoD).

**Local fixed income yields** rose despite cooling inflation figures as the BSP chief sees upside risks to the inflation outlook. On average, yields rose by 3.61 bps, with the 2Y closing at 6.25% (+1 bp) and the 10Y closing at 6.56% (+9.26 bps).

The **Philippine peso** continued to weaken amid high global oil prices, and as the seasonal increase in OFW remittances gradually fade. The USD/PHP pair closed at 55.74 (+0.40% DoD).

**US Nonfarm payroll increased by 187,000 in July (June: +185,000)**, driven by healthcare job additions. The figure falls below the 200,000-consensus expectation. Meanwhile, the unemployment rate fell to 3.5% (June: 3.6%) and average hourly earnings still rose by 0.4% MoM (4.4% YoY).

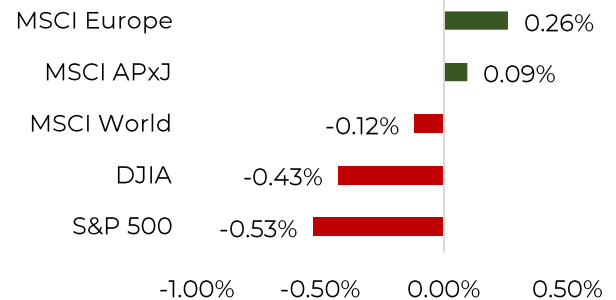
**Canada unemployment rate edged up to 5.5% in July (June: 5.4%)** while average hourly wage spiked 5.0% YoY (June: 3.9%). The economy shed 6,400 jobs in July, led by losses in the construction industry, partly offset by additions in healthcare and social assistance sector.

**US equities** fell as investors digested mixed corporate earnings of mega-cap stocks, as well as the latest jobs report. The S&P 500 closed at 4,478.03 (-0.53% DoD) and the DJIA closed at 35,065.62 (-0.43% DoD).

**US Treasury yields** pulled back as investors digested the fresh July labor data report which had fewer job adds versus expectation. On average, yields fell by 9.27 bps, with the 2Y closing at 4.77% (-11.50 bps) and the 10Y closing at 4.04% (-14.10 bps).

The **US dollar** weakened as investors weighed the decline in treasury yields after release of the July jobs data. The DXY closed at 102.02 (-0.51% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,478.03	-0.53%
DJIA	35,065.62	-0.43%
3-mo US Treasury yield	5.41%	0.00 bps
2-yr US Treasury yield	4.77%	-11.50 bps
10-yr US Treasury yield	4.04%	-14.10 bps
DXY	102.02	-0.51%