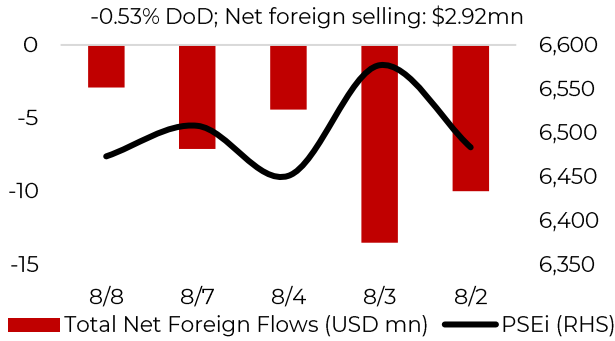


The Morning View

AUGUST 9, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,472.97	-0.53%
3-mo bond yield	5.78%	+8.14 bps
2-yr bond yield	6.30%	+2.27 bps
10-yr bond yield	6.59%	-0.71 bps
USDPHP	56.24	+0.39%
Oil (Brent, \$ / barrel)	86.17	+0.97%

The **Bangko Sentral ng Pilipinas (BSP)** reported that gross international reserves grew by 0.3% MoM to \$99.7 billion as of end-July. The central bank attributed the increase to upward valuations in its gold holdings, net foreign exchange operations, income from investments abroad, and deposits from the National Government.

ACEN Corp. (Ticker: ACEN) said it will develop a large-scale floating solar project in Laguna Lake with an expected capacity of approximately 1,000 megawatts (MW),

Local equities fell on profit taking as weaker-than-expected China trade data weighed on market sentiment. Investors also remained cautious ahead of the second-quarter local GDP and US CPI print releases. The PSEi closed at 6,472.97 (-0.53% DoD).

Local fixed income yields rose as the BSP Governor sees possible supply constraints placing upside pressure on inflation. The Governor also noted that the economy still can withstand further policy rate hikes. On average, yields rose by 0.98 bps, with the 2Y closing at 6.3% (+2.27 bps) and the 10Y closing at 6.59% (-0.71 bps).

The **Philippine peso** weakened after Fed official Bowman commented that the US Fed may need to raise rates further. The USD/PHP pair closed at 56.24 (+0.39% DoD).

The US trade deficit narrows 4.1% MoM to US\$65.5 billion in June (May: US\$68.3 billion) as imports dropped 1.0% MoM amid slowdown in business investment. Exports dipped 0.1% MoM, reflecting weakened global demand.

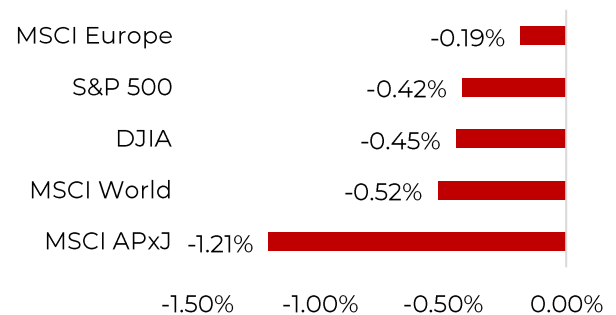
China's imports declined 12.4% YoY while exports contracted 14.5% YoY in July as weaker demand threatens economic recovery. The weakness in exports is consistent with the July manufacturing PMI readings with export orders at 46.3 (NBS).

US equities dropped on a broad sell-off as Moody's downgrade in the credit rating of several regional banks reignited concerns over the banking sector. The S&P 500 closed at 4,499.38 (-0.42% DoD) and the DJIA closed at 35,314.49 (-0.45% DoD).

US Treasury yields fell as investors awaited key inflation data to be released this week that could affect the Fed's next policy rate move. On average, yields dropped 3.71 bps, with the 2Y closing at 4.76% (-1.40 bps) and the 10Y closing at 4.03% (-6.70 bps).

The **US dollar** strengthened amid safe-haven demand following the weak trade data from China. The DXY closed at 102.53 (+0.47% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,499.38	-0.42%
DJIA	35,314.49	-0.45%
3-mo US Treasury yield	5.45%	+3.00 bps
2-yr US Treasury yield	4.76%	-1.40 bps
10-yr US Treasury yield	4.03%	-6.70 bps
DXY	102.53	+0.47%

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