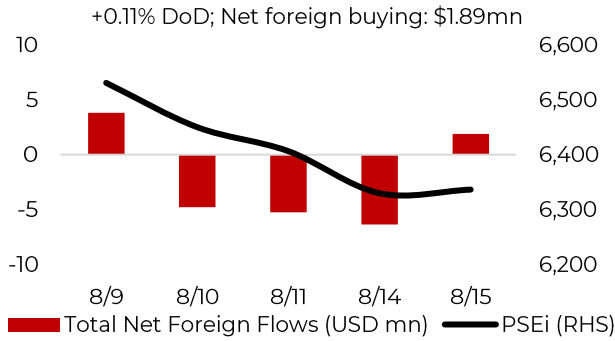


The Morning View

AUGUST 16, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,335.91	+0.11%
3-mo bond yield	5.75%	-9.87 bps
2-yr bond yield	6.29%	-1.55 bps
10-yr bond yield	6.60%	+1.57 bps
USDPHP	56.84	+0.11%
Oil (Brent, \$ / barrel)	84.89	-1.53%

Data from the **Bangko Sentral ng Pilipinas** showed that cash remittances from overseas Filipino workers rose to \$2.81 billion in June, a 2.1% increase. The central bank attributed the increase to higher receipts from land and sea-based workers. Year-to-date, remittances rose to \$15.79 billion, a 2.9% increase.

Aboitiz Power Corp. (Ticker: AP) will construct a 173-megawatt (MW) solar power project in Calatrava, Negros Occidental through its renewable energy arm Aboitiz Renewables, Inc. The project is expected to start exporting power by 2024.

Local equities inched up on cautious bargain hunting as economic outlook concerns over China lingered, and as investors awaited the BSP's policy rate decision. The PSEi closed at 6,335.91 (+0.11% DoD).

Local fixed income yields fell on bargaining after 10 trading sessions of flat or rising yields. On average, yields fell by 2.3 bps, with the 2Y closing at 6.29% (-1.55 bps) and the 10Y closing at 6.60% (+1.57 bps).

The **Philippine peso** weakened after the US dollar strengthened on safe-haven demand amid concerns over the Chinese economy. The USD/PHP pair closed at 56.84 (+0.11% DoD).

US retail sales rose 0.7% MoM in July (June: 0.3%), while core jumped 1.0% MoM (June: 0.4%), as online sales boosted consumer spending. Meanwhile, import prices rebounded by 0.4% MoM in July (June: -0.1%), driven by higher fuel costs.

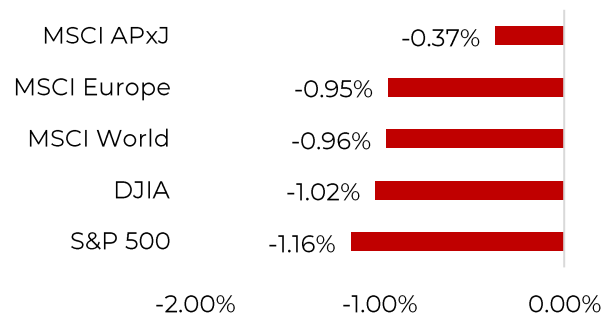
The People's Bank of China (PBOC) unexpectedly lowered key policy rates to arrest the stalling economic recovery. Industrial output grew 3.7% YoY in July (June: 4.4%), while retail sales rose 2.5% YoY (June: 3.1%), both indicating a continued slowdown.

US equities fell as Fitch's potential credit downgrade for dozens of US banks ignited concerns over the health of the sector. Investors also digested stronger-than-expected retail sales data and China's surprise policy rate cut. The S&P 500 closed at 4,437.86 (-1.16% DoD) and the DJIA closed at 34,946.39 (-1.02% DoD).

US Treasury yields were mixed as investors digested the higher-than-expected July US retail sales figures and China's below-consensus economic data. On average, yields gained 0.81 bps, with the 2Y closing at 4.96% (-1.40 bps) and the 10Y closing at 4.22% (+2.40 bps).

The **US dollar** slightly strengthened as investors digested the better-than-expected retail sales data in July. The DXY closed at 103.21 (+0.02% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,437.86	-1.16%
DJIA	34,946.39	-1.02%
3-mo US Treasury yield	5.46%	0.00 bps
2-yr US Treasury yield	4.96%	-1.40 bps
10-yr US Treasury yield	4.22%	+2.40 bps
DXY	103.21	+0.02%