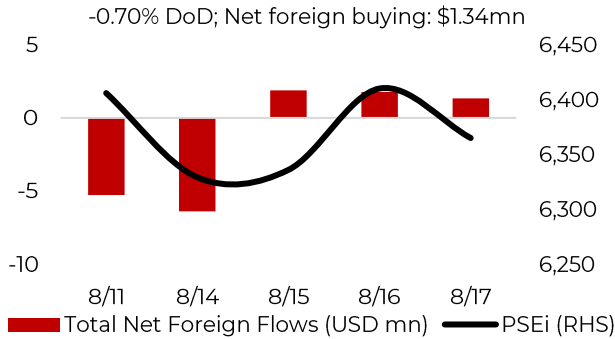


The Morning View

AUGUST 18, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,364.97	-0.70%
3-mo bond yield	5.76%	+0.17 bps
2-yr bond yield	6.26%	-1.71 bps
10-yr bond yield	6.56%	+0.03 bps
USDPHP	56.77	+0.45%
Oil (Brent, \$ / barrel)	84.12	+0.80%

The **Bangko Sentral ng Pilipinas (BSP)** maintained its policy rate at 6.25% for the 3rd straight meeting. The BSP also revised its inflation forecasts for 2023, 2024, and 2025 to 5.6% (+0.2%), 3.3% (-0.4%), and 3.4% (+0.2%) respectively. The central bank said it is ready to tighten if inflation warrants it.

ACEN Corporation (Ticker: ACEN) has secured funds from a term loan facility amounting to Php10 billion to bolster its target for its renewable energy portfolio to achieve 20 gigawatts by 2030.

Local equities retreated as the BSP's higher inflation forecast weighed on sentiment, along with the minutes from the Fed's latest meeting, suggesting further tightening could be necessary. The PSEi closed at 6,364.97 (-0.70% DoD).

Local fixed income yields continued to fall ahead of the BSP's Monetary board meeting. On average, yields fell by 0.38 bps, with the 2Y closing at 6.26% (-1.71 bps) and the 10Y closing at 6.56% (+0.03 bps).

The **Philippine peso** weakened as the BSP signalled upward revisions to its inflation forecast prior to the Monetary Board meeting. The USD/PHP pair closed at 56.77 (+0.45% DoD).

US housing starts climbed 3.9% MoM in July (June: -11.7%) as single-family homebuilding surged by 6.7% MoM. Further improvement will likely be curtailed by increase in average mortgage rates, breaching levels from April 2002.

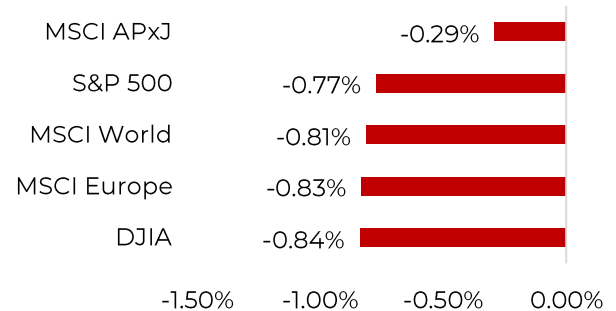
Japan's exports dropped by 0.3% YoY in July (June: 1.5%), marking the first decline since February 2021, as shipments for light oil and chip-making equipment decreased, underscoring weakening foreign demand from key markets.

US equities declined as investors weighed the recent Fed minutes. Falling jobless claims also weighed down the index as the data indicates labor market tightness. The S&P 500 closed at 4,370.36 (-0.77% DoD) and the DJIA closed at 34,474.83 (-0.84% DoD).

US Treasury yields were mixed as investors considered the outlook for the economy from the minutes from the Fed's last meeting, highlighting upside risks to inflation which could prompt further tightening. On average, yields gained 1.13 bps, with the 2Y closing at 4.93% (-3.80 bps) and the 10Y closing at 4.28% (+2.80 bps).

The **US dollar** strengthened as it builds on the positive movement after the release of the US Fed's minutes of the meeting. The DXY closed at 103.57 (+0.14% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,370.36	-0.77%
DJIA	34,474.83	-0.84%
3-mo US Treasury yield	5.48%	+2.00 bps
2-yr US Treasury yield	4.93%	-3.80 bps
10-yr US Treasury yield	4.28%	+2.80 bps
DXY	103.57	+0.14%

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