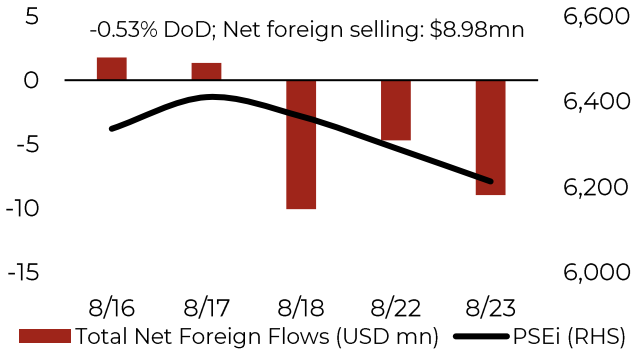


The Morning View

AUGUST 24, 2023

Philippine Stock Exchange Index



| | Level | DoD |
|--------------------------|----------|-----------|
| PSEi | 6,179.63 | -0.53% |
| 3-mo bond yield | 5.73% | -0.43 bps |
| 2-yr bond yield | 6.26% | -1.10 bps |
| 10-yr bond yield | 6.57% | +0.61 bps |
| USD/PHP | 56.73 | +0.62% |
| Oil (Brent, \$ / barrel) | 83.21 | -0.98% |

The **Bangko Sentral ng Pilipinas (BSP)** Governor said the central bank is not considering cutting rates given elevated inflation. The Governor also said that sudden reversals in monetary policy will confuse markets and cause uncertainty.

ThermaPrime Drilling Corp., a geothermal drilling company, has finished its drilling program for **SM Investments Corp.'s (Ticker: SM)** subsidiary, Philippine Geothermal Production Co. Inc. This will produce over 100 megawatts of additional steam production from the geothermal steam fields in Laguna, Batangas and Albay.

Local equities dropped following BSP Governor Remolona's hawkish remarks that the central bank remains open to further policy tightening, if necessary. The PSEi closed at 6,179.63 (-0.53% DoD).

Local fixed income yields continued to fall ahead of the Jackson Hole Symposium in the US. On average, yields fell by 0.78 bps, with the 2Y closing at 6.26% (-1.1 bps) and the 10Y closing at 6.57% (+0.61 bps).

The **Philippine peso** weakened ahead of the Jackson Hole symposium and as investors digested S&P Global downgrading the credit rating of several US lenders. The USD/PHP pair closed at 56.73 (+0.62% DoD).

US S&P Global Flash Composite PMI Index fell to 50.4 in August

(July: 52), signaling a stagnation across the private sector amid subdued consumer demand. Services PMI slowed to 51.0, while manufacturing PMI fell into deeper contraction at 47.0.

UK S&P Global Flash Composite PMI Index dropped to 47.9 in August

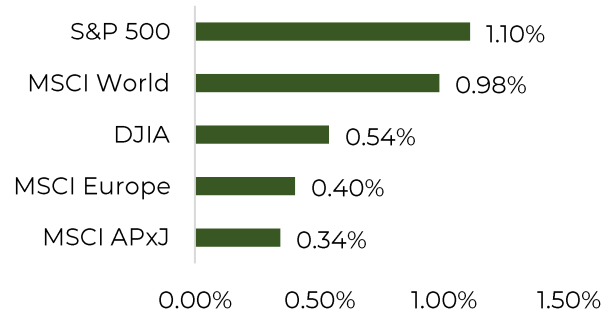
(July: 50.8) as manufacturing PMI sharply declined to 42.5 with less new orders dampened by high interest rates and input costs. Services PMI also contracted to 48.7 as demand slowed.

US equities rose on improved sentiment following the decline in bond yields and a bullish outlook on tech earnings. The S&P 500 closed at 4,436.01 (+1.10% DoD) and the DJIA closed at 34,472.98 (+0.54% DoD).

US Treasury yields dropped as investors looked ahead to Fed Chair Powell's speech at the Jackson Hole symposium that will give clues to the trajectory of the economy and its implications to monetary policy. On average, yields fell by 8.57 bps, with the 2Y closing at 4.98% (-7.50 bps) and the 10Y closing at 4.20% (-13.20 bps).

The **US dollar** weakened as investors digested the weaker US Composite PMI in August. The DXY closed at 103.42 (-0.14% DoD).

Global Stock Indices



| | Level | DoD |
|-------------------------|-----------|------------|
| S&P 500 | 4,436.01 | +1.10% |
| DJIA | 34,472.98 | +0.54% |
| 3-mo US Treasury yield | 5.47% | +1.70 bps |
| 2-yr US Treasury yield | 4.98% | -7.50 bps |
| 10-yr US Treasury yield | 4.20% | -13.20 bps |
| DXY | 103.42 | -0.14% |