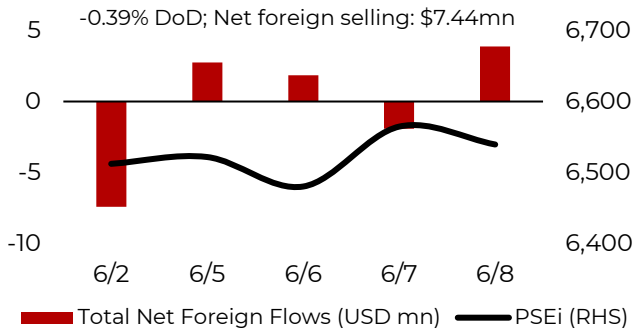


The Morning View

JUNE 9, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,539.36	-0.39%
3-mo bond yield	5.84%	+0.63 bps
2-yr bond yield	5.91%	+0.96 bps
10-yr bond yield	5.94%	+4.23 bps
USDPHP	56.110	+0.02%
Oil (Brent, \$ / barrel)	75.96	-1.29%

The **Bangko Sentral ng Pilipinas (BSP)** will lower the reserve requirement ratio (RRR) for universal and commercial banks to 9.5%, a 2.5% cut. The cut coincides with the June 30-expiration of allowing loans to micro, small, and medium enterprises (MSMEs) to count as compliance with the reserve requirement. The BSP also hinted at keeping its policy rate steady in its upcoming June 22 meeting.

Ayala Land, Inc. (PSE Ticker: ALI) was approved by the Securities and Exchange Commission for its shelf registration of bonds worth up to Php50 billion. In the initial tranche, the company plans to offer up to Php12.25 billion in 5-year and 10-year bonds.

Local equities edged lower tracking previous day results of its global counterparts. Caution also remains ahead of the Fed policy meeting next week. The PSEi closed at 6,539.36 (-0.39% DoD).

Local fixed income yields continued to rise on hawkish Fed sentiment. Post-trading hours, the BSP announced a 2.5% cut to the RRR. On average, yields went up by 2.80 bps, with the 2Y closing at 5.91% (+0.96 bps) and the 10Y closing at 5.94% (+4.23 bps).

The **Philippine Peso** slightly weakened on renewed fears that the US Fed may raise rates further after the Bank of Canada's surprise hike. The USD/PHP pair closed at 56.11 (+0.02% DoD).

The Euro zone enters a technical recession as seasonally-adjusted GDP dropped 0.1% QoQ in Q4 2022, followed by another 0.1% QoQ decline in Q1 2023 after Germany and Ireland cut growth figures. Household consumption, government spending, and the manufacturing sector's production declined by 1.0%, 6.1%, and 3.7%, respectively.

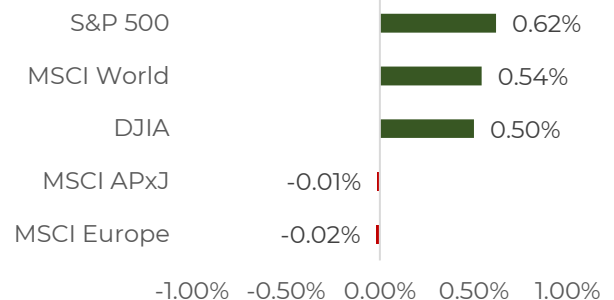
US household net worth moved up by \$3 trillion in Q1 2023 as value of stock holdings increase. These were offset by slumping housing markets, with a drop of \$0.6 trillion, and slowing growth of mortgages and consumer credit at 2.2% (2021: 7.6%).

US equities rose as investors built on gains ahead of the inflation reading and the Fed policy announcement next week. The S&P 500 closed at 4,293.93 (+0.62% DoD) and the DJIA closed at 33,833.61 (+0.50% DoD).

US treasury yields fell as investors weighed the recent uptick in weekly jobless claims which fueled bets that Fed may pause its rate hike cycle next week. On average, yields fell by 4.84 bps, with the 2Y closing at 4.52% (-3.70 bps) and the 10Y closing at 3.72% (-7.90 bps).

The **US Dollar** weakened as investors weighed the uptick in weekly jobless claims and continued to gauge the monetary policy outlook from the Fed. The DXY closed at 103.34 (-0.73% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,293.93	+0.62%
DJIA	33,833.61	+0.50%
3-mo US Treasury yield	5.25%	-5.5 bps
2-yr US Treasury yield	4.52%	-3.7 bps
10-yr US Treasury yield	3.72%	-7.9 bps
DXY	103.34	-0.73%