

The Morning View

JUNE 16, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,461.42	+0.43%
3-mo bond yield	5.86%	-0.05 bps
2-yr bond yield	5.93%	+1.25 bps
10-yr bond yield	6.07%	+9.03 bps
USDPHP	55.945	+0.01%
Oil (Brent, \$ / barrel)	75.67	+3.37%

The Bangko Sentral ng Pilipinas (BSP) reported that cash remittances from overseas Filipino workers (OFWs) grew by 3.7% to \$2.48 billion in April. This is the fastest growth in remittances since December 2022. Land-based OFWs sent \$1.94 billion while sea-based workers sent \$547 million. The BSP expects remittances to increase by 3% in 2023.

ACEN Corporation (PSE Ticker: ACEN) signed an agreement to subscribe to additional shares amounting to nearly Php2 billion in Sinocalan Solar Power Corp. (SSPC). SSPC which will serve as a special purpose vehicle for the development and operation of a solar power plant in Pangasinan.

Local equities climbed as investors digested the Fed's recent policy decision. Sentiment also improved following Fed Chair Powell's hopeful statement about the US economy achieving a soft landing. The PSEi closed at 6,461.42 (+0.43% DoD).

Local fixed income yields continued to rise as the Federal Reserve signaled 2 more rate hikes this year. On average, yields went up by 4.47 bps, with the 2Y closing at 5.93% (+1.25 bps) and the 10Y closing at 6.07% (+9.03 bps).

The **Philippine Peso** slightly weakened as investors weighed the Fed's hawkish pause and latest economic projections. The USD/PHP pair closed at 55.95 (+0.01% DoD).

US retail sales increased 0.3% in May (1.6% YoY) as consumers' spending on motor vehicles and building materials rise. Among the categories, sales of building materials & gardening items went up the most, increasing by 2.2% in May versus the prior month.

The European Central Bank (ECB) announced on Thursday a 25-basis-point rate hike to bring its policy rate to 3.50%, its highest in 22 years. Furthermore, despite headline inflation cooling down at 6.1% in May, the ECB raised their inflation projection to 5.4% in 2023, 3% in 2024, and 2.2% in 2025.

US equities rallied on hopes that the Fed is getting closer to the end of its monetary tightening cycle. The S&P 500 closed at 4,425.84 (+1.22% DoD) and the DJIA closed at 34,408.06 (+1.26% DoD).

US treasury yields moderately fell as investors assessed the policy direction of the Fed after it kept interest rates unchanged. On average, yields fell by 4.85 bps, with the 2Y closing at 4.65% (-4.00 bps) and the 10Y closing at 3.72% (-7.00 bps).

The **US Dollar** weakened as investors weighed the ECB's rate hike and hawkish remarks alongside the US Fed's pause. The DXY closed at 102.12 (-0.81% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,425.84	+1.22%
DJIA	34,408.06	+1.26%
3-mo US Treasury yield	5.23%	-3.20 bps
2-yr US Treasury yield	4.65%	-4.00 bps
10-yr US Treasury yield	3.72%	-7.00 bps
DXY	102.12	-0.81%

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