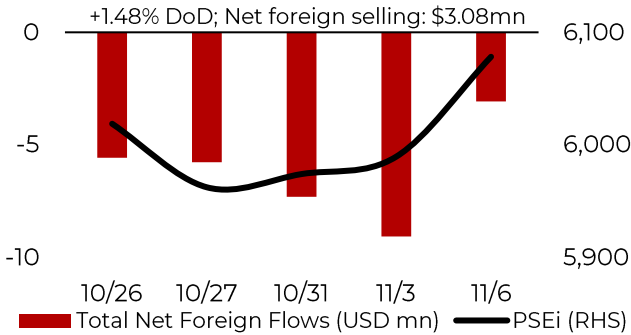


The Morning View

NOVEMBER 7, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,078.03	+1.48%
3-mo bond yield	6.18%	+0.82 bps
2-yr bond yield	6.57%	-2.48 bps
10-yr bond yield	6.92%	-7.49 bps
USDPHP	55.91	-0.34%
Oil (Brent, \$ / barrel)	85.18	+0.34%

Finance Secretary and Monetary Board member Diokno said that interest rates have likely reached their highest level amid decelerating inflation and favorable inflation outlook next year. As of writing, the policy rate of the Bangko Sentral ng Pilipinas is at 6.5%, a 16-year high.

SM Prime Holdings, Inc. (Ticker: SMPH) recorded a 37% YoY increase in its 9M23 consolidated net income amounting to Php30.1 billion. SMPH's mall business remained to be the top contributor and posted a 37% YoY increase in revenues to Php52.5 billion as of 9M23. Meanwhile, operating income rose 29% YoY to Php44.5 billion.

Local equities rebounded following the strong PH manufacturing PMI data. This was also after the peso strengthened amid diminishing expectations of further rate hikes from the Fed after its pause last week. The PSEi closed at 6,078.03 (+1.48% DoD).

Local fixed income yields fell as Finance Secretary and Monetary Board member Diokno commented that he sees no further rate increases. On average, yields fell by 1.67 bps, with the 2Y closing at 6.57% (-2.48 bps) and the 10Y closing at 6.92% (-7.49 bps).

The **Philippine peso** strengthened on expectations of a stronger third quarter economic growth report this week. The USD/PHP pair closed at 55.91 (-0.34% DoD).

The Hamburg Commercial Bank (HCOB) Services PMI of Germany slid back to contractionary territory at 48.2 in October (September: 50.3) due to continued weakness in demand. Meanwhile, sentiment of firms in the sector remained subdued on future activity amid persistent inflationary pressures.

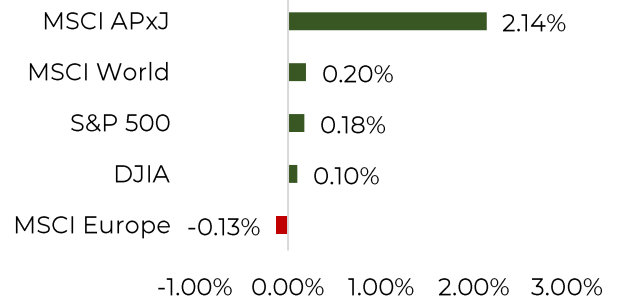
Euro zone recession fears were heightened as the HCOB Final Eurozone Composite PMI data remained contractionary and further fell to 46.5 in October (September: 47.2), the lowest since November 2020. The decline was driven by falling new orders and weak exports.

US equities inched up as investors awaited the remarks on policy path of several US Fed officials later this week. The S&P 500 closed at 4,365.98 (+0.18% DoD) and the DJIA closed at 34,095.86 (+0.10% DoD).

US Treasury yields jumped as investors waited for remarks from several US Fed officials, including Fed Chair Powell, that could provide fresh hints on the monetary policy path and economic outlook. On average, yields rose by 5.18 bps, with the 2Y closing at 4.94% (+9.60 bps) and the 10Y closing at 4.65% (+7.10 bps).

The **US dollar** strengthened as investors focused on the upcoming speeches of several US Fed officials. The DXY closed at 105.22 (+0.18% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,365.98	+0.18%
DJIA	34,095.86	+0.10%
3-mo US Treasury yield	5.43%	-0.90 bps
2-yr US Treasury yield	4.94%	-5.40 bps
10-yr US Treasury yield	4.65%	-1.60 bps
DXY	105.22	+0.18%

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