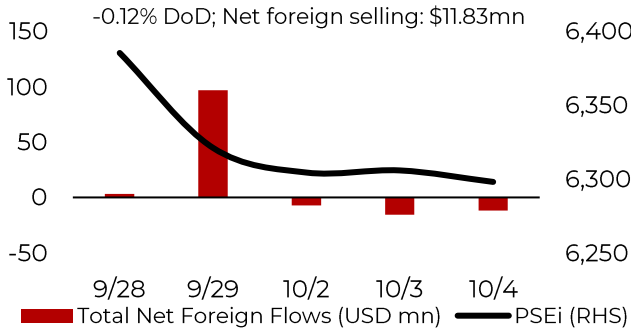


The Morning View

OCTOBER 5, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,298.20	-0.12%
3-mo bond yield	5.67%	+0.55 bps
2-yr bond yield	6.27%	+1.29 bps
10-yr bond yield	6.51%	+2.29 bps
USDPHP	56.71	-0.12%
Oil (Brent, \$ / barrel)	85.81	-5.62%

President Marcos lifted the price caps on regular milled and well-milled rice. However, the President noted that rice prices in Metro Manila are still elevated due to higher transport, storage, and processing costs.

SM Investments Corp. (Ticker: SM) targets to boost the earnings contribution of its portfolio investments from 10% to 15% in 1H23. The firm believes that their logistics and geothermal ventures can drive faster growth given the strong performance of Philippine Geothermal Production Company (PGPC), 2Go and Airspeed.

Local equities dipped ahead of the September inflation data release and as investors weighed the International Monetary Fund's downgrade of economic growth forecast for the Philippines. The PSEi closed at 6,298.20 (-0.12% DoD).

Local fixed income yields continued to rise ahead of September inflation figures. On average, yields rose by 2.17 bps, with the 2Y closing at 6.27% (+1.29 bps) and the 10Y closing at 6.51% (+2.29 bps).

The **Philippine peso** strengthened as global oil prices declined and the dollar eased against other major currencies. The USD/PHP pair closed at 56.71 (-0.12% DoD).

US ADP private payrolls rose 89,000 in September, its lowest since January 2021. Large establishments drove the slowdown, shedding 83,000 jobs for the month. Job gains mainly came from the services sector, led by leisure and hospitality with 92,000 jobs.

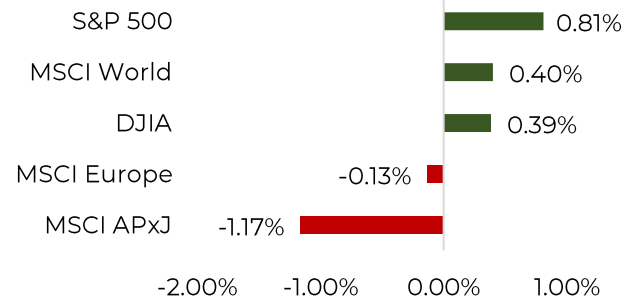
S&P Global US Services PMI Business Activity Index marginally declined to 50.1 in September (August: 50.5) as new orders were subdued due to weaker domestic and foreign demand. Elevated inflation also raised input costs which further dampened customer demand.

US equities rose as Treasury yields eased and investors cheered the slower-than-expected growth in private payrolls for the US. The S&P 500 closed at 4,263.75 (+0.81% DoD) and the DJIA closed at 33,129.55 (+0.39% DoD).

US Treasury yields declined from recent highs as investors digested the lower-than-expected September ADP jobs growth, which showed signs of a cooling labor market. On average, yields fell by 5.56 bps, with the 2Y closing at 5.06% (-9.80 bps) and the 10Y closing at 4.74% (-6.30 bps).

The **US dollar** weakened as Treasury yields pulled back following the weaker-than-expected ADP jobs report and modest decline in ISM US Services PMI. The DXY closed at 106.80 (-0.19% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,263.75	+0.81%
DJIA	33,129.55	+0.39%
3-mo US Treasury yield	5.51%	-0.90 bps
2-yr US Treasury yield	5.06%	-9.80 bps
10-yr US Treasury yield	4.74%	-6.30 bps
DXY	106.80	-0.19%

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