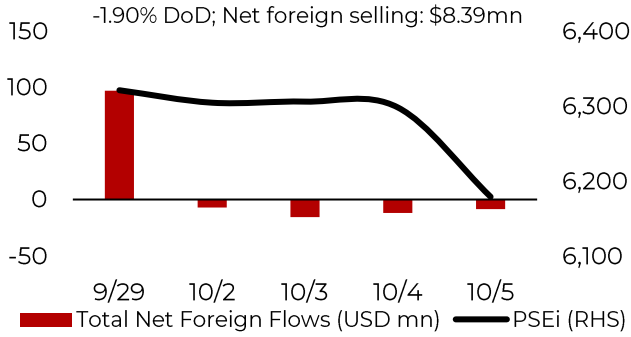


The Morning View

OCTOBER 6, 2023

Philippine Stock Exchange Index



The **Philippine Statistics Authority** reported that inflation accelerated to 6.1% in September. The main drivers for the acceleration were higher food and transportation prices. This marked the 18th straight month of headline inflation above the Bangko Sentral ng Pilipinas' (BSP) target of 2% to 4%.

Manila Electric Company (Ticker: MER) has renewed its partnership with Lenovo Philippines through its corporate social development arm, One Meralco Foundation (OMF), in providing laptops to schools located in off-grid areas in Mindanao.

Local equities plunged as the surge in the latest PH inflation print for September heightened investors' worries over further rate hikes. The PSEi closed at 6,178.60 (-1.90% DoD).

Local fixed income yields rose as September inflation spiked to 6.1%, significantly above Bloomberg consensus estimate of 5.3%. On average, yields rose by 1.60 bps, with the 2Y closing at 6.31% (+3.99 bps) and the 10Y closing at 6.55% (+4.29 bps).

The **Philippine peso** strengthened as the faster-than-expected local inflation print in September bolstered hawkish BSP bets. The USD/PHP pair closed at 56.67 (-0.07% DoD).

	Level	DoD
PSEi	6,178.60	-1.90%
3-mo bond yield	5.69%	+1.25 bps
2-yr bond yield	6.31%	+3.99 bps
10-yr bond yield	6.55%	+4.29 bps
USDPHP	56.67	-0.07%
Oil (Brent, \$ / barrel)	84.07	-2.03%

The US' trade deficit shrank 9.9% MoM to \$58.3 billion in August (July: revised +1.6%), the lowest level since September 2020. The narrowing of the trade gap for the month was attributed to the 1.6% increase in exports along with the 0.7% decrease in imports.

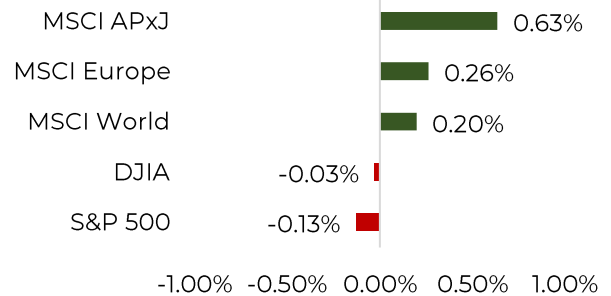
US weekly jobless claims increased by 2,000 to 207,000 in the week ended September 30, which is below the Bloomberg consensus estimate of 210,000. Meanwhile, continuing claims were slightly changed at 1.66 million, weaker than the consensus estimate of 1.67 million.

US equities slightly fell as investors positioned ahead of the release of key labor data for the US, including the unemployment rate and nonfarm payrolls. The S&P 500 closed at 4,258.19 (-0.13% DoD) and the DJIA closed at 33,119.57 (-0.03% DoD).

US Treasury yields declined as investors waited for the release of key labor data to further gauge the current labor market conditions and the path of the Fed's monetary policy. On average, yields fell by 0.97 bps, with the 2Y closing at 5.03% (-3.10 bps) and the 10Y closing at 4.72% (-1.40 bps).

The **US dollar** weakened following the decline in US Treasury yields and as investors turned their attention to the release of key labor reports this week. The DXY closed at 106.33 (-0.44% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,258.19	-0.13%
DJIA	33,119.57	-0.03%
3-mo US Treasury yield	5.51%	+0.40 bps
2-yr US Treasury yield	5.03%	-3.10 bps
10-yr US Treasury yield	4.72%	-1.40 bps
DXY	106.33	-0.44%

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