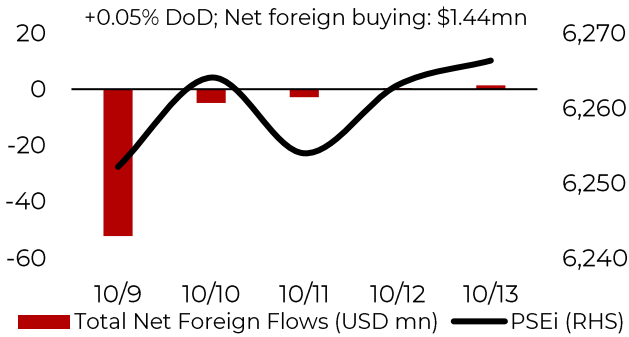


The Morning View

OCTOBER 16, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,266.34	+0.05%
3-mo bond yield	5.87%	-0.06 bps
2-yr bond yield	6.33%	+1.26 bps
10-yr bond yield	6.55%	+0.75 bps
USDPHP	56.811	+0.27%
Oil (Brent, \$ / barrel)	90.89	+5.69%

The **Bangko Sentral ng Pilipinas' Monetary Board** approved \$2.7 billion worth of public sector borrowings in 3Q23. The proceeds will be used to fund the National Government's programs on economic recovery, environmental protection, and climate resilience.

Globe Telecom, Inc. (Ticker: GLO) reinforces its telco-to-techno strategy. The company's unit, 917Ventures, is set to build generative artificial intelligence (AI) products and expand its digital health product, KonsultaMD.

Local equities was slightly changed amid bargain hunting and as investors remained on the sidelines after the latest inflation print raised the possibility of further rate hikes. The PSEi closed at 6,266.34 (+0.05% DoD).

Local fixed income yields rose as US CPI accelerated faster than expected. On average, yields rose by 0.14 bps, with the 2Y closing at 6.33% (+1.26 bps) and the 10Y closing at 6.55% (+0.75 bps).

The **Philippine peso** weakened after the release of the faster-than-expected September US CPI print, which fueled bets of another rate hike from the US Fed within the year. The USD/PHP pair closed at 56.811 (+0.27% DoD).

The University of Michigan reported that the US Consumer Sentiment Index fell to 63.0 in October (September: revised 68.1).

The decline was attributed to the increase in one-year inflation expectations to 3.8% (September: 3.2%) amid higher fuel prices. Sentiment was also dampened by the Israel-Hamas conflict.

Euro zone industrial production inched up 0.6% MoM in August

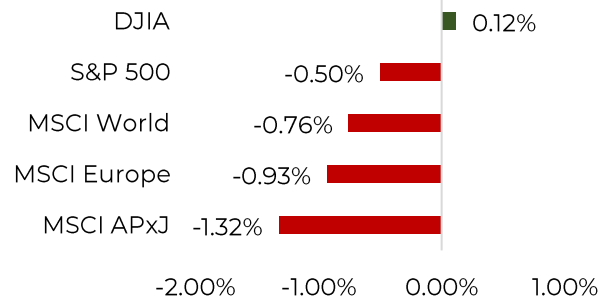
due to the rebound in durable and nondurable consumer goods production and capital goods. However, on a year-on-year basis, industrial production sharply declined by 5.1% in August (July: -2.2%).

US equities were mixed as gains from strong 3Q23 earnings results of major US banks were tempered by the weaker consumer sentiment data and rising geopolitical concerns from the ongoing Middle East conflict. The S&P 500 closed at 4,327.78 (-0.50% DoD) and the DJIA closed at 33,670.29 (+0.12% DoD).

US Treasury yields declined as investors weighed the outlook for the policy rate following dovish remarks from some Fed officials and weak consumer sentiment data. On average, yields fell by 5.26 bps, with the 2Y closing at 5.06% (-1.30 bps) and the 10Y closing at 4.61% (-8.70 bps).

The **US dollar** closed flat on extended gains from the stronger-than-expected September US CPI and safe-haven demand amid the Israel-Hamas conflict. The DXY closed at 106.65 (+0.05% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,327.78	-0.50%
DJIA	33,670.29	+0.12%
3-mo US Treasury yield	5.50%	-1.80 bps
2-yr US Treasury yield	5.06%	-1.30 bps
10-yr US Treasury yield	4.61%	-8.70 bps
DXY	106.65	+0.05%

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