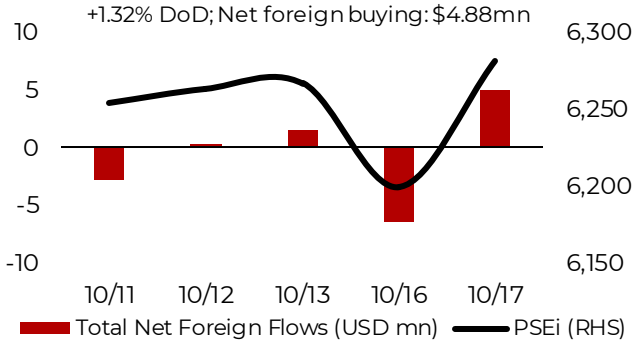


# The Morning View

OCTOBER 18, 2023

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,280.90	+1.32%
3-mo bond yield	5.94%	+3.35 bps
2-yr bond yield	6.36%	+2.98 bps
10-yr bond yield	6.57%	+1.65 bps
USDPHP	56.746	-0.06%
Oil (Brent, \$ / barrel)	89.9	+0.28%

Data from the **Bangko Sentral ng Pilipinas** showed that the total resources of the Philippine financial system rose by 7.0% as of end-August. The Php29.08 trillion worth of total resources held by banks and nonbank financial institutions include funds, deposits, capital, and other debt securities.

**San Miguel Corporation (Ticker: SMC)** seeks to secure a \$2 billion loan from various banks to refinance a similar-sized facility maturing in December 2024. The company has a \$24.7 billion outstanding debt as of June 2023.

**Local equities** climbed as investors turned optimistic ahead of the US corporate earnings season. The sustained growth of OFW remittances also lifted market sentiment. The PSEi closed at 6,280.9 (+1.32% DoD).

**Local fixed income yields** rose on fresh supply as the government raised Php30 billion worth of reissued 7-year bonds. Investors also positioned ahead of key retail sales data in the US. On average, yields rose by 2.09 bps, with the 2Y closing at 6.36% (+2.98 bps) and the 10Y closing at 6.57% (+1.65 bps).

The **Philippine peso** slightly strengthened amid easing concerns over the conflict in the Middle East after US President Biden said he would go to Israel to prevent the war from escalating. The USD/PHP pair closed at 56.746 (-0.06% DoD).

**US Homebuilder Confidence fell to its 10-month low of 40 in October (September: revised 44).** The decline was due to lower levels of buyer traffic as prevailing mortgage rates reached multi-decade highs of above 7%.

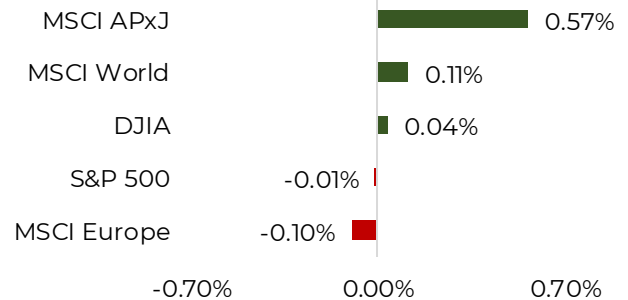
**US retail sales climbed 0.7% MoM in September (August: revised 0.8%)** as households stepped up purchases of motor vehicles and spending on restaurants and bars. In the same month, core retail sales jumped 0.6% MoM (August: revised 0.2%) suggesting resilient demand but also heightened price pressure.

**US equities** ended flat as investors weighed the above-consensus corporate earnings reports and upbeat September retail sales data. The S&P 500 closed at 4,373.20 (-0.01% DoD) and the DJIA closed at 33,997.65 (+0.04% DoD).

**US Treasury yields** spiked as the September retail sales data surpassed market expectations and reinforced bets that policy rates need to stay higher for longer. On average, yields jumped by 14.99 bps, with the 2Y closing at 5.21% (+15.20 bps) and the 10Y closing at 4.84% (+22.40 bps).

The **US dollar** closed flat as dovish comments from Fed officials offset early gains from strong September retail sales data. The DXY closed at 106.25 (+0.01% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,373.20	-0.01%
DJIA	33,997.65	+0.04%
3-mo US Treasury yield	5.52%	+1.90 bps
2-yr US Treasury yield	5.21%	+15.20 bps
10-yr US Treasury yield	4.84%	+22.40 bps
DXY	106.25	+0.01%

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