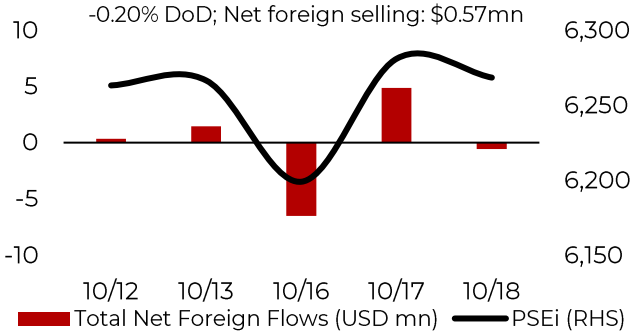


The Morning View

OCTOBER 19, 2023

Philippine Stock Exchange Index



The **International Monetary Fund** expects that tight monetary policy will help bring Philippine inflation within target by 1Q24. However, the multilateral lender also said that if upside risks to inflation materialize, the central bank may have to raise rates further.

Ayala Land, Inc.'s (Ticker: ALI) industrial real estate arm, AyalaLand Logistics Holdings Corp. (ALLHC), signed a lease agreement with China-based firm Newbie Station Logistics, Inc. Through the agreement, the firm will expand and occupy 33,400 square meters of gross leasable space in Calamba, Laguna.

Local equities edged lower as market sentiment was dampened by the spike in US treasury yields overnight and the ongoing Middle East conflict. The PSEi closed at 6,268.27 (-0.20% DoD).

Local fixed income yields rose following the stronger-than-expected US retail sales data and amid US treasury yields hitting multi-year highs. On average, yields rose by 1.1 bps, with the 2Y closing at 6.37% (+1.0 bp) and the 10Y closing at 6.57% (+0.33 bps).

The **Philippine peso** strengthened as China's stronger-than-expected third quarter GDP eased concerns of a global growth slowdown. The USD/PHP pair closed at 56.7 (-0.08% DoD).

	Level	DoD
PSEi	6,268.27	-0.20%
3-mo bond yield	5.95%	+0.96 bps
2-yr bond yield	6.37%	+1.00 bps
10-yr bond yield	6.57%	+0.33 bps
USDPHP	56.70	-0.08%
Oil (Brent, \$ / barrel)	91.50	+1.78%

US housing starts rebounded 7.0% MoM in September (August: revised -12.5%), with gains reported on both single- and multi-family homes. Building permits fell 4.4% MoM on lingering concerns over rising mortgage rates and weakening homebuilder sentiment.

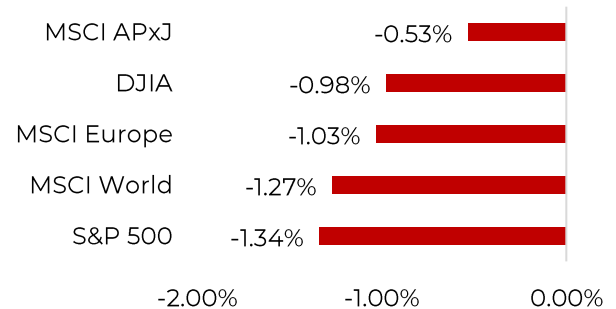
China's economy expanded 4.9% YoY in 3Q23, faster than market consensus of 4.5% but slower than the 6.3% growth in the previous quarter. Additionally, industrial output grew 4.5% YoY in September (August: 4.5%), while retail sales climbed 5.5% YoY in the same month (August: 4.6%).

US equities fell amid the spike in Treasury yields and persistent geopolitical concerns. Investors also digested mixed corporate earnings results and guidance. The S&P 500 closed at 4,314.60 (-1.34% DoD) and the DJIA closed at 33,665.08 (-0.98% DoD).

US Treasury yields climbed on heightened inflation fears driven by geopolitical risks in the Middle East and surge in oil prices. Gains were tempered after the 20-year bond auction showed strong demand. On average, yields jumped by 3.87 bps, with the 2Y closing at 5.23% (+1.30 bps) and the 10Y closing at 4.92% (+7.90 bps).

The **US dollar** strengthened as the 10-year US Treasury yield hit a fresh 16-year high. Moreover, tensions in the Middle East also increased safe-haven demand. The DXY closed at 106.57 (+0.30% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,314.60	-1.34%
DJIA	33,665.08	-0.98%
3-mo US Treasury yield	5.50%	-2.10 bps
2-yr US Treasury yield	5.23%	+1.30 bps
10-yr US Treasury yield	4.92%	+7.90 bps
DXY	106.57	+0.30%

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