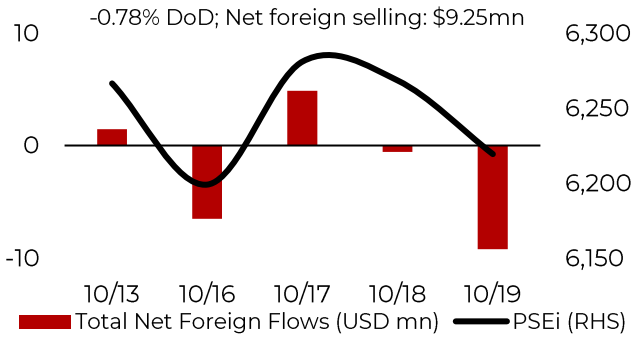


# The Morning View

OCTOBER 20, 2023

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,219.16	-0.78%
3-mo bond yield	5.98%	+2.78 bps
2-yr bond yield	6.38%	+1.11 bps
10-yr bond yield	6.61%	+3.73 bps
USDPHP	56.9	+0.30%
Oil (Brent, \$ / barrel)	92.38	+0.96%

**PH President Marcos** said the country's sovereign wealth fund will start operating by yearend. The President suspended the implementation of the Maharlika Investment Fund recently as he said further improvements can be made to its organizational structure.

**International Container Terminal Services, Inc. (Ticker: ICT) started the construction of East Java Multipurpose Terminal (EJMT).** The multipurpose terminal is the company's joint venture with Indonesian oil and gas firm East Log Holdings. EJMT is set to operate on September 2024 and will serve as an international gateway in Lamongan Regency of East Java, Indonesia.

**Local equities** tumbled amid investors' worries on the implications of the geopolitical tension in the Middle East and soaring US Treasury yields. The PSEi closed at 6,219.16 (-0.78% DoD).

**Local fixed income yields** rose as the International Monetary Fund said the Bankgo Sentral ng Pilipinas may need to hike further if upside risks to the inflation outlook materialize. On average, yields rose by 3.18 bps, with the 2Y closing at 6.38% (+1.11 bps) and the 10Y closing at 6.61% (+3.73 bps).

The **Philippine peso** weakened amid downbeat market sentiment from worries over the Israel-Hamas conflict and rising US Treasury yields. The USD/PHP pair closed at 56.9 (+0.30% DoD).

**US initial jobless claims for the week ending October 14 unexpectedly declined to a 9-month low of 198,000 (previous: 211,000).** Although showing signs of gradual cooling, this continued to point to a tight US labor market.

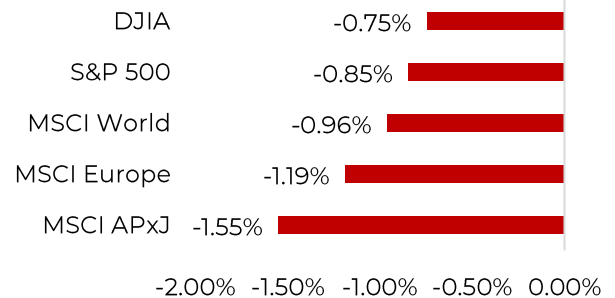
**US existing home sales fell to a 13-year low of 3.96 million units in September, down by 2% MoM (August: -0.7% MoM).** The National Association of Realtors said that surging mortgage rates and tight inventory discouraged first-time buyers and prevented homeowners from selling their properties locked in at lower rates.

**US equities** dropped as investors took cues from Fed Chair Powell's speech that economic growth may need to slow down to help tame the still elevated inflation. The S&P 500 closed at 4,278.00 (-0.85% DoD) and the DJIA closed at 33,414.17 (-0.75% DoD).

**US Treasury yields** were mixed after Fed Chair Powell signaled that monetary policy was not yet too restrictive. Investors also digested mixed economic data releases. On average, yields jumped by 3.34 bps, with the 2Y closing at 5.16% (-6.20 bps) and the 10Y closing at 4.99% (+7.50 bps).

The **US dollar** slightly weakened as investors digested mixed market developments including the slowing September existing home sales, below-consensus weekly jobless claims, and remarks from Fed Chair Powell. The DXY closed at 106.25 (-0.29% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,278.00	-0.85%
DJIA	33,414.17	-0.75%
3-mo US Treasury yield	5.49%	-1.40 bps
2-yr US Treasury yield	5.16%	-6.20 bps
10-yr US Treasury yield	4.99%	+7.50 bps
DXY	106.25	-0.29%

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