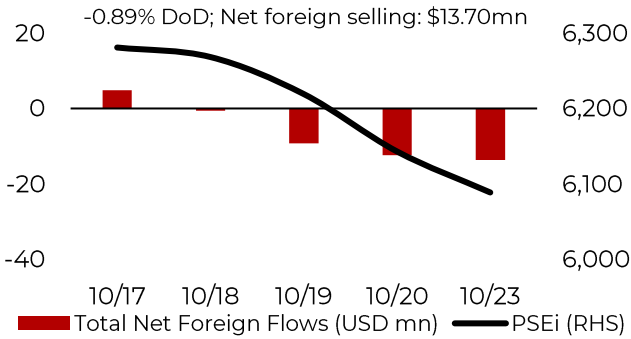


The Morning View

OCTOBER 24, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,088.44	-0.89%
3-mo bond yield	6.04%	+2.94 bps
2-yr bond yield	6.41%	+2.11 bps
10-yr bond yield	6.63%	+1.49 bps
USDPHP	56.8	0.00%
Oil (Brent, \$ / barrel)	89.83	-2.53%

The Department of Budget and Management reported that the government's infrastructure spending surged by 65.8% to Php122.1 billion in August. This was after the implementation of projects were ramped up by the government.

SM Prime Holdings, Inc. (Ticker: SMPH) paid Php131.9 million in advance for the redevelopment of Bacolod's Manokan Country. The project is expected to attract more visitors and cater to tourists' and locals' evolving needs. The said advancement encompasses seven years of rental payments, under its 40-year agreement.

Local equities ended lower amid investors' fears over the ongoing conflict in the Middle East. Moreover, bets of further tightening of the BSP and the US Fed also weighed on market sentiment. The PSEi closed at 6,088.44 (-0.89% DoD).

Local fixed income yields rose as economists polled by the BSP raised their inflation forecasts. This was also amid fresh supply as the government raised Php14.3 billion from the Treasury bill auction. On average, yields rose by 2.2 bps, with the 2Y closing at 6.41% (+2.11 bps) and the 10Y closing at 6.63% (+1.49 bps).

The **Philippine peso** was flat as investors waited for further market catalysts. This was also ahead of the release of US economic data such as 3Q GDP and September PCE inflation. The USD/PHP pair closed at 56.8 (+0.0% DoD).

Euro zone consumer confidence fell for the third month in a row to -17.9 in October (September: -17.8). The flash estimate came in slightly higher than the consensus estimate of -18.2 as inflationary pressures have started to ease, albeit still elevated.

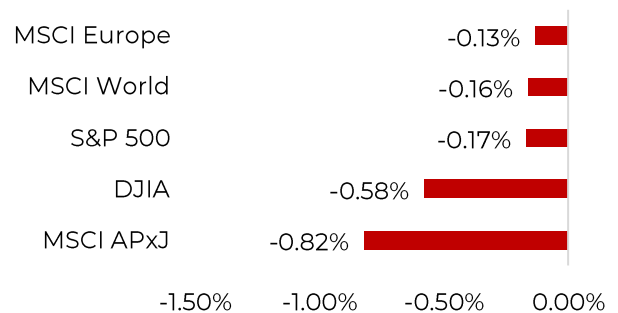
Canada's retail sales fell by 0.1% MoM in August (July: +0.3%), with sales in six of the nine sub-sectors declining, led by the drop in motor vehicle sales. This supports expectations that the Bank of Canada will keep rates on hold in its upcoming policy rate announcement.

US equities fell as investors turned their attention to the release of earnings results of big tech names, as well as the 3Q23 US GDP and September PCE readings later this week. The S&P 500 closed at 4,217.04 (-0.17% DoD) and the DJIA closed at 32,936.41 (-0.58% DoD).

US Treasury yields declined as investors assessed their market positioning amid persistent geopolitical risks and awaited fresh economic data to be released this week. On average, yields fell by 4.03 bps, with the 2Y closing at 5.05% (-2.30 bps) and the 10Y closing at 4.85% (-6.60 bps).

The **US dollar** weakened following the decline in US Treasury yields after hitting recent highs. Investors also watched out for economic data releases this week. The DXY closed at 105.54 (-0.59% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,217.04	-0.17%
DJIA	32,936.41	-0.58%
3-mo US Treasury yield	5.47%	-0.30 bps
2-yr US Treasury yield	5.05%	-2.30 bps
10-yr US Treasury yield	4.85%	-6.60 bps
DXY	105.54	-0.59%

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