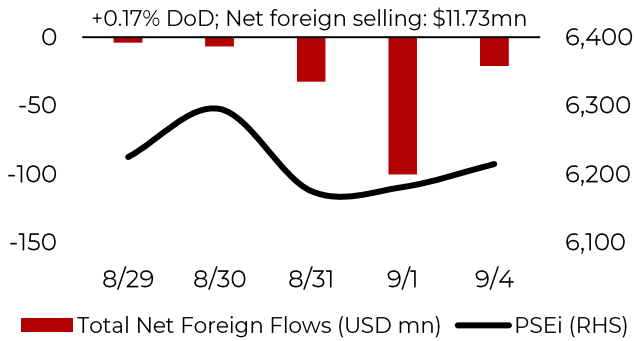


# The Morning View

SEPTEMBER 6, 2023

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,225.00	+0.17%
3-mo bond yield	5.64%	-1.58 bps
2-yr bond yield	6.20%	+0.23 bps
10-yr bond yield	6.44%	+2.20 bps
USDPHP	56.8	+0.32%
Oil (Brent, \$ / barrel)	90.04	+1.17%

The **Philippine Statistics Authority** reported that inflation accelerated to 5.3% (versus Bloomberg consensus of 4.7%), bucking the trend of 6 months of deceleration. The reversal of the trend can be attributed to a spike in food and oil prices. The August print brought year-to-date inflation to 6.6%.

**ACEN Corporation (Ticker: ACEN)** announced that its board has approved the company's investment in a 335-megawatt onshore wind power project in Laguna and Quezon. The project will be undertaken through its unit Giga Ace 6, Inc.

**Local equities** inched up as the approval of the bill reducing stock transaction taxes managed to lift market sentiment amid the unexpectedly high local CPI reading. The PSEi closed at 6,225.00 (+0.17% DoD).

**Local fixed income yields** rose as inflation accelerated to 5.3%, faster than consensus expectations of 4.7%. On average, yields rose by 0.23 bps, with the 2Y closing at 6.2% (+0.23 bps) and the 10Y closing at 6.44% (+2.20 bps).

The **Philippine peso** weakened as investors weighed the faster-than-expected inflation in August. The USD/PHP pair closed at 56.80 (+0.32% DoD).

**The UK S&P Global/CIPS composite PMI contracted to 48.6 in August (July: 50.8)** with the manufacturing and services sectors both recording weaker business activity as higher borrowing costs weighed on demand.

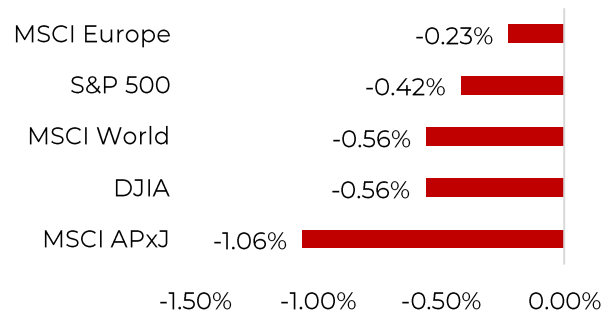
**China's Caixin/S&P Global composite PMI edged down to 51.7 in August (July: 51.9)**, marking its 8<sup>th</sup> month of expansion, as the slowdown in services offsets the improvement in manufacturing.

**US equities** dropped following the rise in Treasury yields. Investors also weighed the Fed's policy rate outlook amid rising oil prices, and Fed Gov. Waller's remarks that recent data gives the central bank room to assess further rate hikes. The S&P 500 closed at 4,496.83 (-0.42% DoD) and the DJIA closed at 34,641.97 (-0.56% DoD).

**US Treasury yields** jumped as rising oil prices weighed on sentiment, fueling some inflationary fears and expectations that rates might stay higher for longer. On average, yields gained 6.07 bps, with the 2Y closing at 4.96% (+7.90 bps) and the 10Y closing at 4.27% (+8.50 bps).

The **US dollar** strengthened amid safe-haven demand due to growing worries about a China and Europe-led global growth slowdown. The DXY closed at 104.81 (+0.55% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,496.83	-0.42%
DJIA	34,641.97	-0.56%
3-mo US Treasury yield	5.44%	+0.70 bps
2-yr US Treasury yield	4.96%	+7.90 bps
10-yr US Treasury yield	4.27%	+8.50 bps
DXY	104.81	+0.55%

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