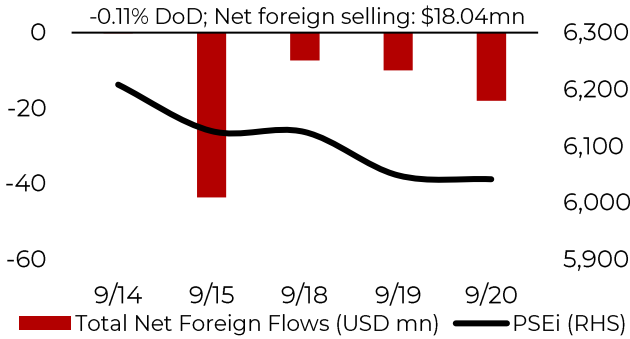


The Morning View

SEPTEMBER 21, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,041.04	-0.11%
3-mo bond yield	5.61%	+1.11 bps
2-yr bond yield	6.18%	-0.73 bps
10-yr bond yield	6.41%	-2.00 bps
USDPHP	56.81	+0.10%
Oil (Brent, \$ / barrel)	93.53	-0.86%

The **Asian Development Bank (ADB)** reduced its 2023 gross domestic product (GDP) forecast for the Philippines to 5.7% from its initial 6% estimate. The multilateral lender cited weakening domestic demand for the downgrade. Despite the expected slowdown, the ADB still expects the Philippines to post the 2nd fastest GDP growth in Southeast Asia.

ACEN Corporation (Ticker: ACEN) is planning to acquire a **Php5.5-billion loan and a partial credit guarantee of Php1.1 billion from ADB** to fund its solar photovoltaic projects. This is to support the company's renewable energy portfolio expansion plans by 2030.

Local equities declined despite bargain hunting and nearly fell below 6,000 as investors continued to wait for the key policy decisions of the BSP and the Fed. The PSEi closed at 6,041.04 (-0.11% DoD).

Local fixed income yields fell as investors waited for the Fed's latest economic projections. On average, yields fell by 0.64 bps, with the 2Y closing at 6.18% (-0.73 bps) and the 10Y closing at 6.41% (-2.00 bps).

The **Philippine peso** weakened amid negative sentiment after the ADB slashed its Philippine GDP growth forecast. The USD/PHP pair closed at 56.81 (+0.10% DoD).

The US Federal Reserve kept its policy rate steady at a range of 5.25-5.50%, but projected one more hike before the year ends and signaled 2 cuts in 2024 (Previously 4 cuts in June). Meanwhile, the Fed raised its US GDP growth forecasts to 2.1% in 2023 (June: 1%) and 1.5% in 2024 (June: 1.1%), bolstering hopes that the US economy can achieve a soft landing.

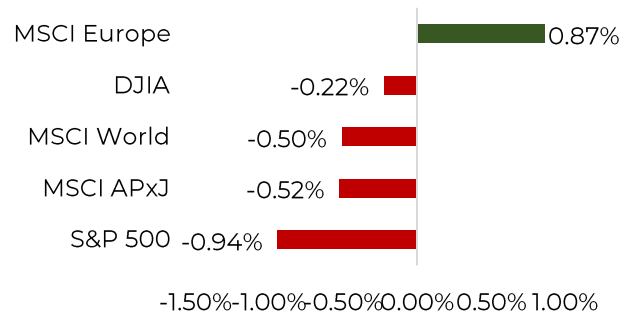
The People's Bank of China (PBoC) maintained its benchmark lending rates unchanged, in line with market expectations. The one-year and five-year loan prime rates (LPR) were kept at 3.45% and 4.20%, respectively.

US equities dropped as the US Fed's hawkish pause in policy rates weakened market sentiment. The S&P 500 closed at 4,402.20 (-0.94% DoD) and the DJIA closed at 34,440.88 (-0.22% DoD).

US Treasury yields spiked as the Fed kept policy rates steady but signaled intention to implement another hike before the end of the year. On average, yields rose 4.15 bps, with the 2Y closing at 5.18% (+8.40 bps) and the 10Y closing at 4.41% (+5.00 bps).

The **US dollar** strengthened after the Fed signaled that policy rates will stay higher for longer. The DXY closed at 105.33 (+0.19% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,402.20	-0.94%
DJIA	34,440.88	-0.22%
3-mo US Treasury yield	5.50%	+3.30 bps
2-yr US Treasury yield	5.18%	+8.40 bps
10-yr US Treasury yield	4.41%	+5.00 bps
DXY	105.33	+0.19%

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