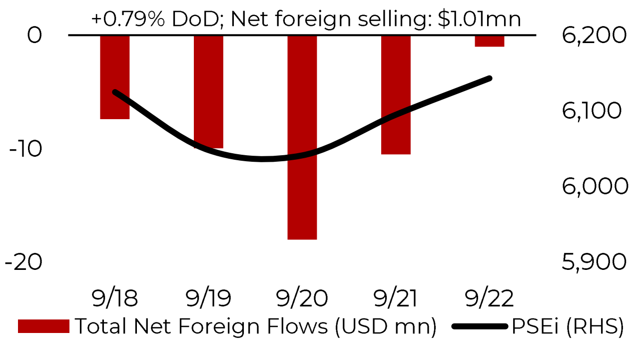
# The Morning View

BPI WEALTH

SEPTEMBER 25, 2023

## Philippine Stock Exchange Index




| | Level | DoD |
|---|---|---|
| PSEi | 6,142.79 | +0.79% |
| 3-mo bond yield | 5.61% | -0.12 bps |
| 2-yr bond yield | 6.18% | +0.76 bps |
| 10-yr bond yield | 6.48% | +5.36 bps |
| USDPHP | 56.795 | -0.11% |
| Oil (Brent, $ / barrel) | 93.27 | -0.03% |

Data from the **Department of Finance (DoF)** showed that the **National Government's** budget deficit widened to Php133 billion in August as government revenues declined 6.6% while expenditures rose 10%. The DoF attributed the drop in revenues to the suspension of work during the month amid inclement weather.

**San Miguel Corporation (Ticker: SMC) is expected to compete with Metro Pacific Investments Corporation (MPIC) for the right to operate the Metro Rail Transit Line 3 (MRT-3).** The Department of Transportation (DOTr) said the bidding process to select a new operator may start between the second and third quarter of next year.

**Local equities** rose amid bargain hunting ahead of the PSEi rebalancing effective September 26. Investors also weighed the Bangko Sentral ng Pilipinas (BSP) and the US Fed's policy decision to keep rates steady. The PSEi closed at 6,142.79 (+0.79% DoD).

**Local fixed income yields** rose as investors reacted to the BSP's upward revisions of its inflation forecasts. On average, yields rose by 1.51 bps, with the 2Y closing at 6.18% (+0.76 bps) and the 10Y closing at 6.48% (+5.36 bps).

The **Philippine peso** strengthened after hawkish remarks from the BSP Governor. The USD/PHP pair closed at 56.795 (-0.11% DoD).

**US S&P Global Flash Composite PMI Index dipped to 50.1 in September (August: revised 50.2),** indicating broad stagnation in private sector activity amid continued soft demand. Services PMI slowed to 50.2, while manufacturing PMI improved to 48.9 but remained in contractionary territory.

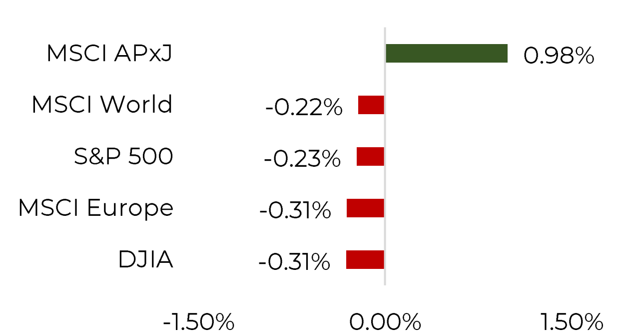
**Hamburg Commercial Bank Flash Eurozone Composite PMI rose to 47.1 in September (August: 46.7)** but remained below the 50-threshold which signals a contraction in business activity due to waning demand. The services PMI improved to 48.4, while manufacturing PMI remained at 43.4.

**US equities** slightly fell as investors continued to weigh the US Fed's latest economic projections and comments from Fed officials that rates could be kept high for longer than previously anticipated. The S&P 500 closed at 4,320.06 (-0.23% DoD) and the DJIA closed at 33,963.84 (-0.31% DoD).

**US Treasury yields** declined as the potential government shutdown raised concerns on its possible impact on economic growth and availability of economic data which could affect the Fed's monetary policy decisions. On average, yields fell by 3.84 bps, with the 2Y closing at 5.11% (-3.40 bps) and the 10Y closing at 4.44% (-6.20 bps).

The **US dollar** strengthened as investors continued to digest the Fed's hawkish comments. The DXY closed at 105.58 (+0.21% DoD).

## Global Stock Indices




| | Level | DoD |
|---|---|---|
| S&P 500 | 4,320.06 | -0.23% |
| DJIA | 33,963.84 | -0.31% |
| 3-mo US Treasury yield | 5.50% | -0.20 bps |
| 2-yr US Treasury yield | 5.11% | -3.40 bps |
| 10-yr US Treasury yield | 4.44% | -6.20 bps |
| DXY | 105.58 | +0.21% |