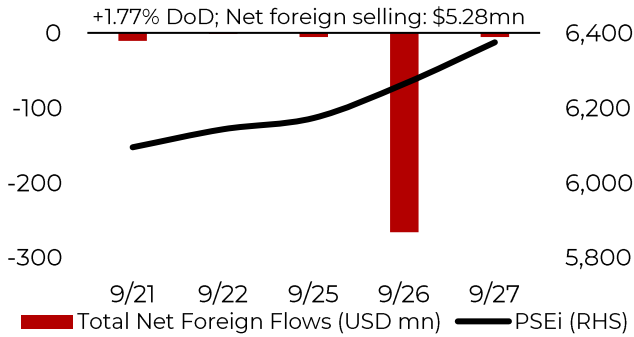


The Morning View

SEPTEMBER 28, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,374.68	+1.77%
3-mo bond yield	5.63%	+0.69 bps
2-yr bond yield	6.23%	+1.46 bps
10-yr bond yield	6.51%	+0.92 bps
USDPHP	56.95	-0.01%
Oil (Brent, \$ / barrel)	96.55	+2.76%

The **House of Representatives** approved on third and final reading the Php5.786-trillion national budget for 2024. The 2024 budget is 9.5% higher than the budget this year and is equivalent to 21.7% of gross domestic product.

Megaworld Corporation (Ticker: MEG) said it expects to finish its sixth residential condominium tower in Taguig City by 2032. The firm expects to generate around Php29 billion in sales given that the project is their biggest single-tower residential development in Uptown Bonifacio.

Local equities continued to gain on bargain hunting. SEC's support on the proposed lowering of the stock transaction tax also improved investors' sentiment. The PSEi closed at 6,374.68 (+1.77% DoD).

Local fixed income rose as the Philippine government issued \$611 million (Php34.8 billion) in bonds. Inflation fears also pushed yields higher as the proposal to lower tariffs on rice was rejected. On average, yields rose by 0.96 bps, with the 2Y closing at 6.23% (+1.46 bps) and the 10Y closing at 6.51% (+0.92 bps).

The **Philippine peso** was flat ahead of the release of the durable goods report in the US. The USD/PHP pair closed at 56.95 (-0.01% DoD).

US durable goods orders rebounded 0.2% MoM in August (July: -5.6%) with the increase in machinery and equipment orders offsetting the decrease in aircraft spending. Meanwhile, core capital goods orders also grew 0.9% MoM in August (July: -0.4%).

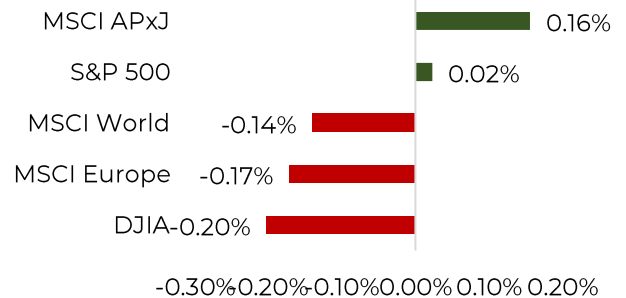
China industrial profits soared 17.2% YoY in August (July: -6.7%) as domestic demand started to stabilize following Beijing's recent policy support measures. Year-to-date industrial profits still contracted albeit at a slower pace of 11.7% YoY (July: -15.5%).

US equities were mixed as the latest uptick in bond yields and oil prices dampened investors' sentiment. The S&P 500 closed at 4,274.51 (+0.02% DoD) and the DJIA closed at 33,550.27 (-0.20% DoD).

US Treasury yields soared as investors weighed fears of persistent inflationary pressures amid the stronger-than-expected August durable goods orders. This supports the Fed's tighter for longer policy view. On average, yields rose by 4.73 bps, with the 2Y closing at 5.14% (+1.70 bps) and the 10Y closing at 4.61% (+7.20 bps).

The **US dollar** strengthened as the 10-year US treasury yield was pushed to a new record-high amid the stronger-than-expected durable goods orders in August. The DXY closed at 106.67 (+0.41% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,274.51	+0.02%
DJIA	33,550.27	-0.20%
3-mo US Treasury yield	5.50%	+0.90 bps
2-yr US Treasury yield	5.14%	+1.70 bps
10-yr US Treasury yield	4.61%	+7.20 bps
DXY	106.67	+0.41%