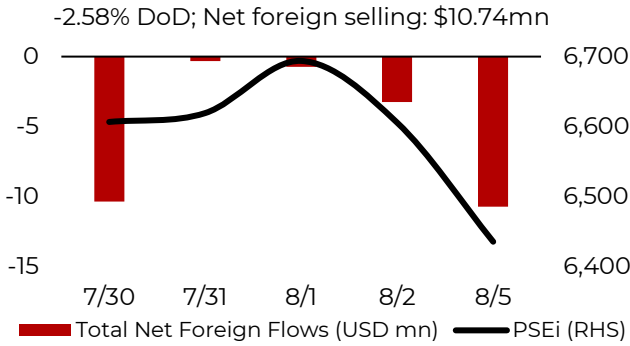


Philippine Stock Exchange Index



	Level	DoD
PSEi	6,434.73	-2.58%
3-mo bond yield	5.81%	+1.87 bps
2-yr bond yield	5.98%	-1.35 bps
10-yr bond yield	6.12%	-1.68 bps
USDPHP	57.90	-0.31%
Oil (Brent, \$ / barrel)	76.30	-0.66%

Bangko Sentral ng Pilipinas Governor Eli Remolona Jr. sees room to keep policy rates steady due to evolving inflation conditions. This contrasts with his earlier suggestion of a likely 25 bps cut in August. He cited risks from higher domestic food prices (excluding rice), transport costs, and electricity rates.

Manila Electric Co. (PSEi Ticker: MER) clarifies that Malampaya gas plants are not excluded from the 1,000-megawatt (MW) bidding. MER Head of Regulatory Management Valles added that the biddings are conducted with the rules set forth by the Department of Energy and the Energy Regulatory Commission.

Local equities slipped as the market weighed the disappointing July US jobs reports, which revived worries over a hard landing. Investors also awaited the release of the July Philippine inflation data, and the second quarter economic growth report this week. The PSEi closed at 6,434.73 (-2.58% DoD).

Local fixed income yields declined as the July US unemployment rate rose to 4.3%, raising concerns about a weakening US economy. On average, yields fell by 0.92 bps, with the 2Y closing at 5.98% (-1.35 bps) and the 10Y closing at 6.12% (-1.68 bps).

The **Philippine peso** strengthened amid a weaker US dollar after the weaker-than-expected labor data reignited Fed rate cut bets. The USD/PHP pair closed at 57.90 (-0.31% DoD).

Chicago Federal Reserve President Austan Goolsbee said that the Fed would react to signs of a weakening US economy. He also cautioned against taking too much cues from the recent global market sell-off and instead focus on where the economy is headed in making decisions.

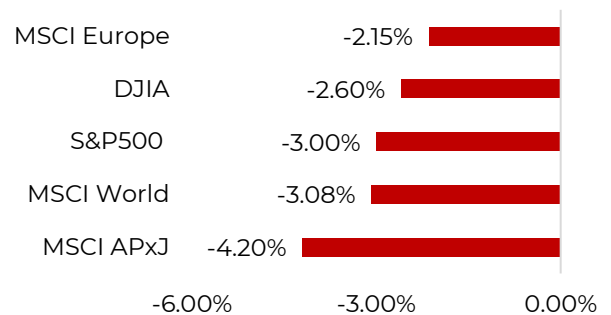
US Institute for Supply Management services Purchasing Managers Index rebounded to 51.4 in July, up from a from a four-year low of 48.8 in June (Consensus: 51.0). The rebound was due to a recovery in new orders and increase in employment. A reading above 50 indicates expansion in the services sector.

US equities dropped amid intensifying market sell-off as investors continued to digest the lackluster July US jobs reports. This raised concerns over the health of the US economy. The S&P 500 closed at 5,186.33 (-3.00% DoD) and the DJIA closed at 38,703.27 (-2.60% DoD).

US Treasury yields were mixed but rose on average amid bargain hunting after a steep one-day decline. Investors also continued to weigh the weaker-than-expected labor market data in the US. On average, yields rose by 1.43 bps, with the 2Y closing at 3.92% (+4.00 bps) and the 10Y closing at 3.79% (-0.20 bps).

The **US dollar** weakened following renewed rate cut bets amid the weaker-than-expected US labor data and an uptick in the unemployment rate. The DXY closed at 102.69 (-0.50% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,186.33	-3.00%
DJIA	38,703.27	-2.60%
3-mo US Treasury yield	5.22%	+3.10 bps
2-yr US Treasury yield	3.92%	+4.00 bps
10-yr US Treasury yield	3.79%	-0.20 bps
DXY	102.69	-0.50%

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