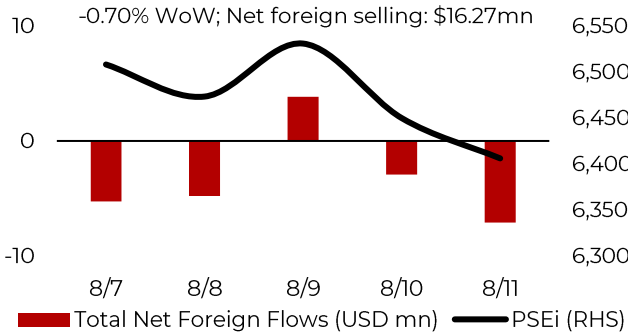


The Weekly Review

AUGUST 14, 2023

Philippine Stock Exchange Index



	Level	WoW
PSEi	6,405.91	-0.70%
3-mo bond yield	5.86%	+15.60 bps
2-yr bond yield	6.30%	+4.72 bps
10-yr bond yield	6.56%	+0.15 bps
USDPHP	56.315	1.03%
Oil (Brent, \$ / barrel)	86.81	0.66%

The **Philippine Statistics Authority** reported gross domestic product (GDP) grew by 4.3% in 2Q23, behind consensus expectations of 6.0%. The lower-than-expected growth during the quarter was on the back of sluggish government spending and weak capital formation. On a quarter on-quarter basis (seasonally adjusted), GDP declined by 0.9% (vs. +1.0% in 1Q23 and +1.6% in 2Q22).

Local equities closed lower on cautious trading as investors parsed through a mixed bag of local and global economic data, including 2Q23 local GDP, US inflation, and China trade data. The PSEi closed at 6,405.91 (-0.70% WoW).

Top performers were San Miguel Corp (PSE Ticker: SMC; +7.53%), Alliance Global Group Inc (AGI; +5.20%), and Manila Electric Co (MER; +4.49%). Meanwhile, Jollibee Foods Corp (PSE Ticker: JFC; -4.69%), ACEN Corp (ACEN; -7.09%), and SM Prime Holdings Inc (SMPH; -7.35%) were the laggards of the week.

Local fixed income yields continued to rise on inflation fears as rice and oil prices continue to rise. On average, yields rose by 5.95 bps, with the 2Y closing at 6.30% (+4.72 bps) and the 10Y closing at 6.56% (+0.15 bps).

The **Philippine peso** weakened as investors digested the weaker-than-expected local GDP data and higher global oil prices. The USD/PHP pair closed at 56.32 (+1.03% WoW).

The US headline CPI rose 3.2% YoY in July (June: 3.0%), while core CPI softened to 4.7% YoY (June: 4.8%), driven by rising shelter costs. The easing inflation supported a raise in real average hourly earnings by 1.1% YoY in July. Meanwhile, weekly jobless claims increased to 248,000.

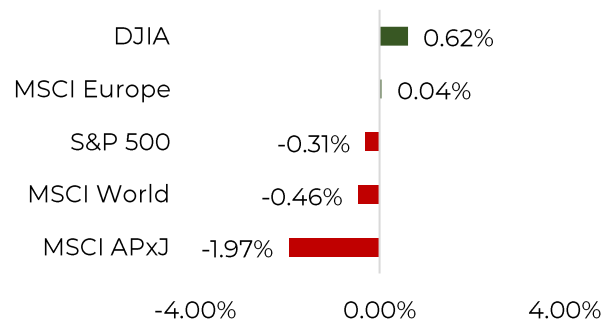
US Nonfarm payroll increased by 187,000 in July (June: +185,000), driven by healthcare job additions. The figure falls below the 200,000-consensus expectation. Meanwhile, the unemployment rate fell to 3.5% (June: 3.6%) and average hourly earnings still rose by 0.4% MoM (4.4% YoY).

US equities were mixed as investors weighed better-than-expected corporate earnings, Moody's credit rating downgrade of several regional banks, and the uptick in the latest US CPI and PPI data. The S&P 500 closed at 4,464.05 (-0.31% WoW) and the DJIA closed at 35,281.40 (+0.62% WoW).

US treasury yields soared as investors digested the July CPI inflation print and following a 30-year bond auction by the US treasury during the week. On average, yields gained 8.98 bps WoW with the 10Y closing at 4.16% (+11.80 bps).

The **US Dollar** strengthened following the rise in US inflation and hawkish Fed speak. The DXY closed at 102.84 (+0.81% WoW).

Global Stock Indices



	Level	WoW
S&P 500	4,464.05	-0.31%
DJIA	35,281.40	+0.62%
3-mo US Treasury yield	5.43%	+2.00 bps
2-yr US Treasury yield	4.90%	+12.70 bps
10-yr US Treasury yield	4.16%	+11.80 bps
DXY	102.84	+0.81%

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