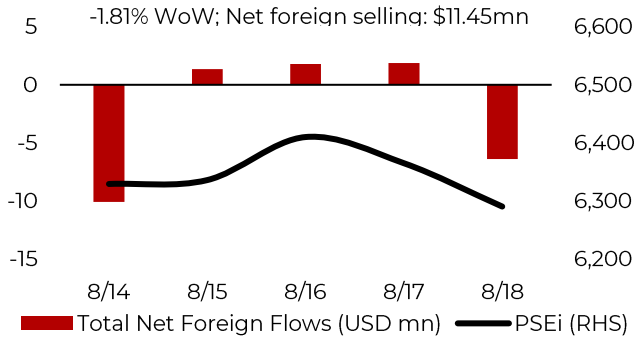


The Weekly Review

AUGUST 22, 2023

Philippine Stock Exchange Index



	Level	WoW
PSEi	6,290.27	-1.81%
3-mo bond yield	5.76%	-9.26 bps
2-yr bond yield	6.27%	-2.78 bps
10-yr bond yield	6.55%	-1.21 bps
USDPHP	56.18	-0.24%
Oil (Brent, \$ / barrel)	84.8	-2.32%

The **Bangko Sentral ng Pilipinas (BSP)** maintained its policy rate at 6.25% for the 3rd straight meeting. The BSP also revised its inflation forecasts for 2023, 2024, and 2025 to 5.6% (+0.2%), 3.3% (-0.4%), and 3.4% (+0.2%) respectively. The central bank said it is ready to tighten if inflation warrants it.

Local equities declined as investors weighed the BSP's decision to keep rates steady and raise its inflation projections. Investors also digested the US Fed's hawkish July FOMC minutes, and PBOC's unexpected rate cut. The PSEi closed at 6,290.27 (-1.81% WoW).

Top performers were Semirara Mining & Power Corp (PSE Ticker: SCC; 6.67%), International Container Terminal Services Inc (ICT; 4.70%), and GT Capital Holdings Inc (GTCAP; 4.41%). Meanwhile, SM Prime Holdings Inc (PSE Ticker: SMPH; -4.76%), PLDT Inc (TEL; -7.60%), and Monde Nissin Corp (MONDE; -14.91%) were the laggards of the week.

Local fixed income yields fell ahead of the BSP's Monetary Board Meeting. On average, yields fell by 4.01 bps, with the 2Y closing at 6.27% (-2.78 bps) and the 10Y closing at 6.55% (-1.21 bps).

The **Philippine peso** strengthened as investors digested the resilient OFW remittances for June and BSP Governor Remolona's remarks that the BSP is ready to raise interest rates if necessary. The USD/PHP pair closed at 56.18 (-0.24% WoW).

The **US PPI rose by 0.3% MoM (+0.8% YoY) in July** after being flat in June as cost of services rebounded, led by a 7.6% surge in portfolio management fees, while cost of goods modestly picked up.

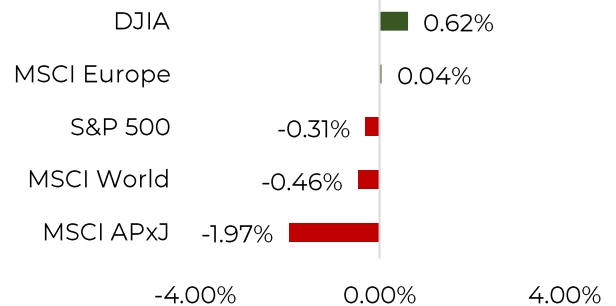
US retail sales rose 0.7% MoM in July (June: 0.3%), while core jumped 1.0% MoM (June: 0.4%), as online sales boosted consumer spending. Meanwhile, import prices rebounded by 0.4% MoM in July (June: -0.1%), driven by higher fuel costs.

US equities fell as investors assessed the latest Fed minutes suggesting that further tightening could be necessary. China's surprise rate cut amid weak economic data and rising bond yields also weighed on stocks. The S&P 500 closed at 4,369.71 (-2.11% WoW) and the DJIA closed at 34,500.66 (-2.21% WoW).

US treasury yields rose as investors digested the minutes from the Fed's latest meeting, suggesting further rate hikes may be needed with inflation still well above the Fed's target. On average, yields gained 6.50 bps WoW with the 10Y closing at 4.26% (+9.90 bps).

The **US Dollar** strengthened as investors digested the Fed's minutes of the meeting and the better-than-expected retail sales data in the US. The DXY closed at 103.38 (+0.52% WoW).

Global Stock Indices



	Level	WoW
S&P 500	4,369.71	-2.11%
DJIA	34,500.66	-2.21%
3-mo US Treasury yield	5.45%	+1.30 bps
2-yr US Treasury yield	4.95%	+5.00 bps
10-yr US Treasury yield	4.26%	+9.90 bps
DXY	103.38	+0.52%

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