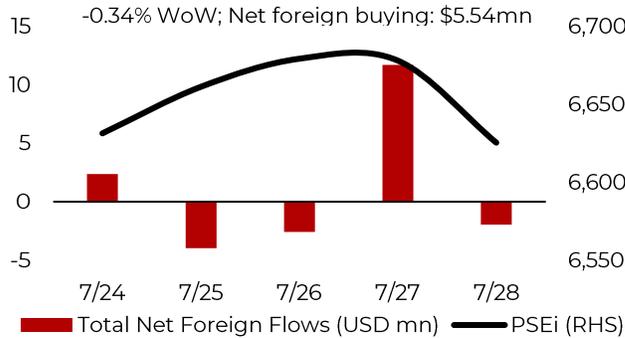


The Weekly Review

JULY 31, 2023

Philippine Stock Exchange Index



	Level	WoW
PSEi	6,625.26	-0.34%
3-mo bond yield	5.70%	-10.83 bps
2-yr bond yield	6.21%	+2.59 bps
10-yr bond yield	6.36%	+6.00 bps
USDPHP	54.91	+0.28%
Oil (Brent, \$ / barrel)	84.99	+4.84%

The **Bangko Sentral ng Pilipinas** reported foreign portfolio investment net inflows in June, after four straight months of outflows. Foreign investments netted inflows worth \$1.23 million in June, from the \$124.49 million outflows in May. On a year-to-date basis, the country registered \$803 million worth of outflows.

Local equities slightly fell as investors digested the US Fed's announcement of a 25-bp rate hike, as well as Fed Chair Powell's remarks on monetary policy outlook. Mixed US and local corporate earnings results also weighed on market sentiment. The PSEi closed at 6,625.56 (-0.34% WoW).

Top performers were Union Bank of the Philippines (PSE Ticker: UBP; 3.48%), Aboitiz Equity Ventures Inc (AEV; 3.08%), and Aboitiz Power Corp (AP; 3%). Meanwhile, Wilcon Depot Inc (PSE Ticker: WLCON; -6.12%), Universal Robina Corp (URC; -6.39%), and Monde Nissin Corp (MONDE; -6.74%) were the laggards of the week.

Local fixed income yields were mixed as investors digested the Fed's statements, offset by fresh supply of 7-year bonds from the Bureau of Treasury. On average, yields fell by 0.08 bps, with the 2Y closing at 6.21% (+2.59 bps) and the 10Y closing at 6.36% (+6.00 bps).

The **Philippine Peso** weakened as investors weighed the increase in global oil prices and the 25-bp hike by the Fed. The USD/PHP pair closed at 54.91 (+0.28% WoW).

The US Fed raised its policy rate by 25 bps to 5.25%-5.50% range.

Fed Chair Powell provided limited guidance on the next rate move, commenting that they will make data-driven decisions on a meeting-by-meeting basis while saying that the US Fed staff has dropped their recession forecast but still sees a slowdown.

The European Central Bank (ECB) raised its policy rates by 25 bps, bringing its main rate to 3.75%, while commenting that the next policy rate move will be based on data.

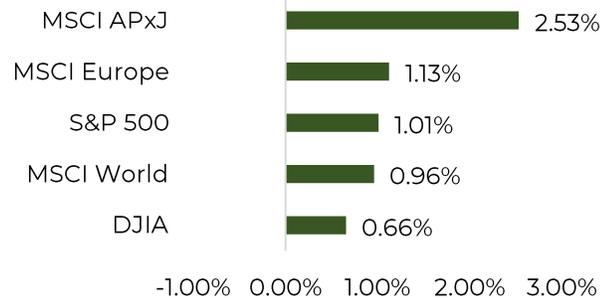
The Eurozone headline inflation eased to 5.5% in June but remains above ECB's 2% target.

US equities rose as positive GDP and PCE data, as well as overall strong corporate earnings bolstered hopes of a soft-landing scenario for the US economy. Investors also digested the US Fed's latest policy rate decision. The S&P 500 closed at 4,582.23 (+1.01% WoW) and the DJIA closed at 35,459.29 (+0.66% WoW).

US treasury yields rose as investors assessed the outlook for interest rates after the Fed's tightening decision, and a stronger-than-expected 2Q GDP report. On average, yields jumped 7.04 bps WoW with the 10Y closing at 3.96% (+11.20 bps).

The **US Dollar** strengthened as investors digested the strong US real GDP data and the 25-bp rate hike by the US Fed. The DXY closed at 101.62 (+0.55% DoD).

Global Stock Indices



	Level	WoW
S&P 500	4,582.23	+1.01%
DJIA	35,459.29	+0.66%
3-mo US Treasury yield	5.44%	+1.30 bps
2-yr US Treasury yield	4.88%	+3.30 bps
10-yr US Treasury yield	3.96%	+11.20 bps
DXY	101.62	+0.55%

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