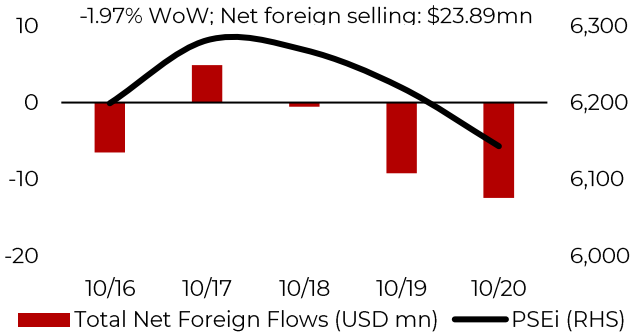


The Weekly Review

OCTOBER 23, 2023

Philippine Stock Exchange Index



	Level	WoW
PSEi	6,142.90	-1.97%
3-mo bond yield	6.01%	+13.93 bps
2-yr bond yield	6.38%	+5.38 bps
10-yr bond yield	6.62%	+6.42 bps
USDPHP	56.84	+0.05%
Oil (Brent, \$ / barrel)	92.16	+1.40%

Local equities edged lower amid investors' worries on the implications of the heightened geopolitical tension in the Middle East, rise in US treasury yields to multi-year highs, and remarks from US Fed Chair Powell that the policy rate is not yet restrictive.

▼ The PSEi closed at 6,142.9 (-1.97% WoW)

Local fixed income yields rose following the sharp increases in US Treasury yields. Investors also reacted to the minutes of the Bangko Sentral ng Pilipinas' Monetary Board meeting which highlighted that the central bank sees inflation possibly breaching its target in 2024.

▲ On average, yields rose by 10 bps, with the 2Y closing at 6.38% (+5 bps) and the 10Y closing at 6.62% (+6 bps).

The **Philippine peso** remained flat on mixed developments surrounding the Israel-Hamas conflict. Investors also weighed the OFW remittances and balance of payments data released within the week.

▲ USD/PHP pair closed at 56.84 (+0.05% WoW)

US equities declined as upbeat corporate earnings were unable to lift investors' sentiment due to lingering geopolitical and economic concerns. This was following Fed Chair Powell's speech that economic growth may need to slow down to tame inflation, and as the conflict between Israel and Gaza intensified. The spike in Treasury yields later in the week also weighed on market sentiment.

▼ S&P 500 closed at 4,224.16 (-2.39% WoW)

▼ DJIA closed at 33,127.28 (-1.61% WoW)

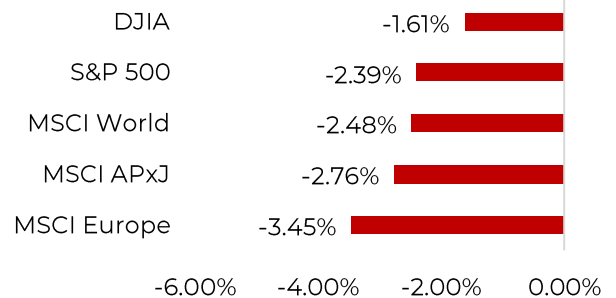
US Treasury yields soared after Fed Chair Jerome Powell said in his speech that monetary policy is not yet too restrictive. Yields also climbed on the back of heightened inflationary fears driven by geopolitical risks in the Middle East, volatile oil prices, and overall resilient US economic data. On the other hand, gains were tempered after the 20-year bond auction showed strong demand.

▲ On average, US treasury yields rose by 17 bps WoW with the 10Y closing at 4.92% (+30 bps)

The **US Dollar** weakened as dovish comments from Fed officials offset gains from overall strong September economic data releases including the above-consensus retail sales print and below-consensus weekly jobless claims.

▼ The DXY closed at 106.16 (-0.45% WoW).

Global Stock Indices



	Level	WoW
S&P 500	4,224.16	-2.39%
DJIA	33,127.28	-1.61%
3-mo US Treasury yield	5.49%	-3.40 bps
2-yr US Treasury yield	5.16%	+9.00 bps
10-yr US Treasury yield	4.99%	+29.10 bps
DXY	106.16	-0.45%

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