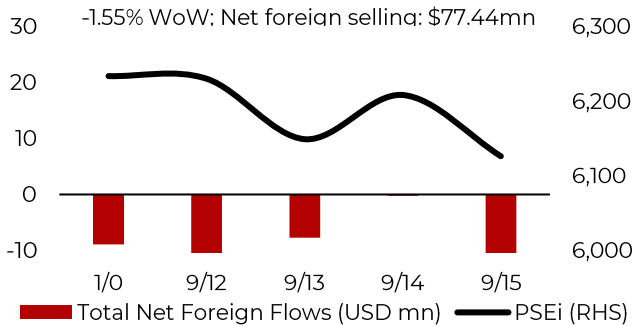


The Weekly Review

SEPTEMBER 18, 2023

Philippine Stock Exchange Index



	Level	WoW
PSEi	6,126.34	-1.55%
3-mo bond yield	5.62%	-3.28 bps
2-yr bond yield	6.21%	-1.76 bps
10-yr bond yield	6.44%	-4.96 bps
USDPHP	56.815	+0.33%
Oil (Brent, \$ / barrel)	93.93	+3.62%

The **Bangko Sentral ng Pilipinas (BSP)** reiterated its stance that it is ready to respond to any risks to inflation. Deputy Governor Dakila said that the BSP sees inflation falling within target by the fourth quarter of this year, barring any supply shocks. However, he also noted that the risks remain tilted to the upside.

Local equities ended lower as investors stayed on the sidelines amid the faster-than-expected US CPI data for August. Heavy net foreign selling amid the FTSE rebalancing also dragged local stocks. The PSEi closed at 6,126.34 (-1.55% WoW).

Top performers were Converge Information and Communications Technology Solutions Inc. (PSE Ticker: CNVRG; +9.22%), Semirara Mining & Power Corp (SCC; +7.81%), and Monde Nissin Corp (MONDE; +5.06%). Meanwhile, Ayala Land Inc (PSE Ticker: ALI; -5.73%), PLDT Inc. (TEL; -5.92%), and Aboitiz Power Corp (AP; -8.14%) were the laggards of the week.

Local fixed income yields fell as investors positioned ahead of the policy meetings of the Fed and the BSP. On average, yields fell by 4.37 bps, with the 2Y closing at 6.21% (-1.76 bps) and the 10Y closing at 6.44% (-4.96 bps).

The **Philippine peso** weakened as investors digested the acceleration in US inflation. The USD/PHP pair closed at 56.815 (+0.33% WoW).

The US headline CPI accelerated to 3.7% YoY in August (July: 3.2%), while core inflation cooled to 4.3% YoY (July: 4.7%), largely driven by soaring gas prices but were also pushed by rising prices of food and shelter.

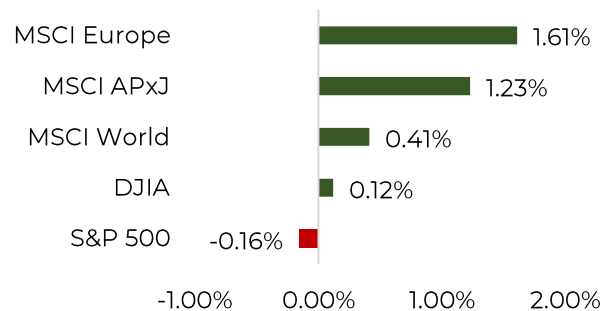
The European Central Bank (ECB) raised its key interest rate by 25 bps to 4.0% as the inflation outlook remained elevated. The ECB hinted that it has potentially reached the peak of its tightening cycle but would likely maintain the policy rate at this level longer.

US equities were mixed as investors assessed the Fed's near-term monetary policy outlook following mixed economic data releases over the week. The S&P 500 closed at 4,450.32 (-0.16% WoW) and the DJIA closed at 34,618.24 (+0.12% WoW).

US treasury yields rose as investors digested the hotter-than-expected August CPI and PPI, along with the resilient retail sales figures and solid jobs data, which could prompt the Fed to hike rates further. On average, yields gained 4.21 bps WoW with the 10Y closing at 4.34% (+6.60 bps).

The **US Dollar** strengthened as investors digested the stronger-than-expected August inflation prints as well as the European Central Bank's hint of possibly reaching the peak of its rate hiking cycle. The DXY closed at 105.32 (+0.22% WoW).

Global Stock Indices



	Level	WoW
S&P 500	4,450.32	-0.16%
DJIA	34,618.24	+0.12%
3-mo US Treasury yield	5.47%	-0.50 bps
2-yr US Treasury yield	5.04%	+4.20 bps
10-yr US Treasury yield	4.34%	+6.60 bps
DXY	105.32	+0.22%

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