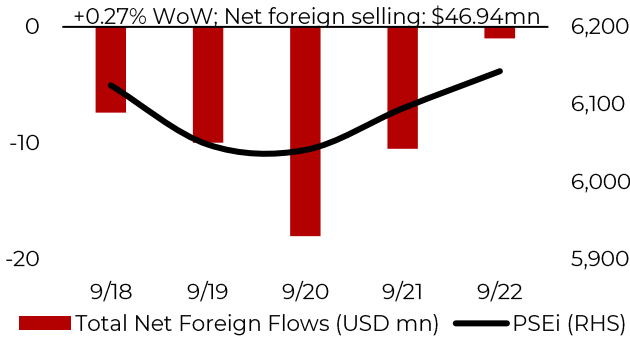


The Weekly Review

SEPTEMBER 25, 2023

Philippine Stock Exchange Index



	Level	WoW
PSEi	6,142.79	+0.27%
3-mo bond yield	5.61%	-1.23 bps
2-yr bond yield	6.18%	-2.82 bps
10-yr bond yield	6.48%	+3.10 bps
USDPHP	56.795	-0.04%
Oil (Brent, \$ / barrel)	93.27	-0.70%

The **Bangko Sentral ng Pilipinas** maintained its policy rate of 6.25% in its latest Monetary Board meeting. However, the central bank said a rate hike is possible in November depending on inflation data. The BSP also raised its inflation forecasts to 5.8% (from 5.6%) for 2023 and 3.5% (from 3.3%) for 2024. The 2025 inflation forecast was unchanged at 3.4%.

Local equities slightly rose amid bargain hunting and as investors weighed the BSP and the US Fed's decision to maintain key policy rates steady. However, fears of further rate hikes before the year ends tempered gains. The PSEi closed at 6,142.79 (+0.27% WoW).

Top performers were Monde Nissin Corp (PSE Ticker: MONDE; 10.48%), SM Prime Holdings Inc (SMPH; 2.72%), and Ayala Land Inc (ALI; 2.58%). Meanwhile, GT Capital Holdings Inc (PSE Ticker: GTCAP; -2.95%), Wilcon Depot Inc (WLCON; -3.41%), and ACEN Corp (ACEN; -5.81%) were the laggards of the week.

Local fixed income yields were mixed but fell on average as investors reacted to the policy decisions of the Fed and the BSP. On average, yields fell by 2.19 bps, with the 2Y closing at 6.18% (-2.82 bps) and the 10Y closing at 6.48% (+3.1 bps).

The **Philippine peso** weakened after the BSP kept policy rates unchanged and raised its inflation forecasts. The USD/PHP pair closed at 56.795 (+0.04% WoW).

The US Federal Reserve kept its policy rate steady at a range of 5.25-5.50%, but projected one more hike before the year ends and signaled 2 cuts in 2024 (previously 4 cuts in June). Meanwhile, the Fed raised its US GDP growth forecasts to 2.1% in 2023 (June: 1%) and 1.5% in 2024 (June: 1.1%), bolstering hopes that the US economy can achieve a soft landing.

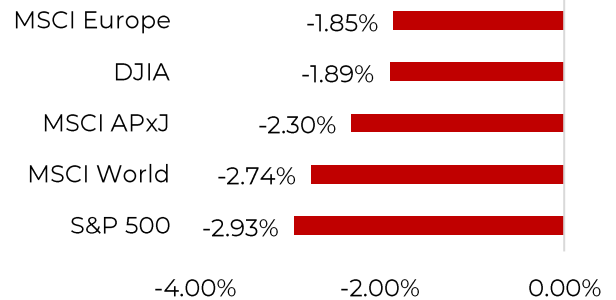
Euro zone inflation slightly cooled to 5.2% YoY in August (July: 5.3%), while core inflation also eased to 5.2% YoY (July: 5.5%). The current level is still twice as high as the European Central bank's target of 2%. Services posted the highest contribution to inflation.

US equities fell as investors weighed the US Fed's hawkish pause and latest economic projections. The potential US government shutdown also dragged down market sentiment. The S&P 500 closed at 4,320.06 (-2.93% WoW) and the DJIA closed at 33,963.84 (-1.89% WoW).

US treasury yields spiked as the Fed kept policy rates steady but signaled intention to implement another hike before the end of the year. On average, yields gained 7.41 bps WoW with the 10Y closing at 4.44% (+10.00 bps).

The **US Dollar** strengthened as investors digested the lower-than-expected initial jobless claims and the Fed's guidance of policy rates staying higher for longer. The DXY closed at 105.58 (+0.25% WoW).

Global Stock Indices



	Level	WoW
S&P 500	4,320.06	-2.93%
DJIA	33,963.84	-1.89%
3-mo US Treasury yield	5.50%	+3.10 bps
2-yr US Treasury yield	5.11%	+7.70 bps
10-yr US Treasury yield	4.44%	+10.00 bps
DXY	105.58	+0.25%

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