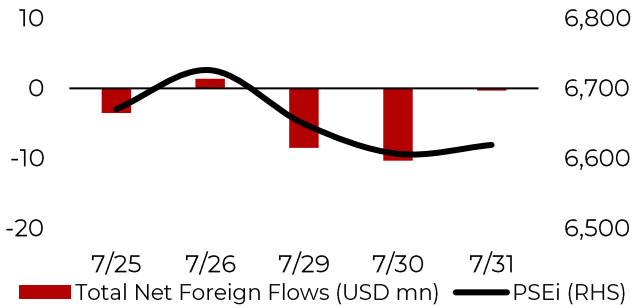


The Morning View

August 1, 2024

Philippine Stock Exchange Index

+0.19% DoD; Net foreign selling: \$0.34mn



	Level	DoD
PSEi	6,619.09	+0.19%
3-mo bond yield	5.79%	+1.93 bps
2-yr bond yield	6.01%	-1.19 bps
10-yr bond yield	6.17%	-2.03 bps
USDPHP	58.37	-0.48%
Oil (Brent, \$ / barrel)	80.72	+2.66%

The Bangko Sentral ng Pilipinas (BSP) projects July inflation to settle between 4% and 4.8%, potentially ending seven months of within-target inflation. Upside price pressures may come from higher electricity rates and increased prices of agricultural commodities and oil. The Philippine Statistics Authority will release the July inflation data on August 6, 2024.

International Container Terminal Services, Inc.'s (PSEi Ticker: ICT) new quay cranes are now operational. The three quay cranes will boost operational capacity, and the vessel turnaround times at the Manila International Container Terminal.

Local equities edged higher amid bargain-hunting and as investors awaited the US Federal Reserve's monetary policy decision. The PSEi closed at 6,619.09 (+0.19% DoD).

Local fixed income yields fell further ahead of the decision of the US Federal Open Market Committee. On average, yields fell by 0.88 bps, with the 2Y closing at 6.01% (-1.19 bps) and the 10Y closing at 6.17% (-2.03 bps).

The **Philippine peso** strengthened following a surprise rate hike from the Bank of Japan. This was also ahead of the Fed's policy meeting. The USD/PHP pair closed at 58.37 (-0.48% DoD).

The US Federal Reserve maintained its key policy rate at 5.25% to 5.50%, recognizing substantial progress in reducing inflation.

Fed Chair Powell said that he is gaining more confidence that a rate cut would be possible in September. However, he noted that it remains contingent upon upcoming inflation data.

The Bank of Japan raised its short-term policy rate from 0-0.1% to 0.25%, the highest level in 15 years.

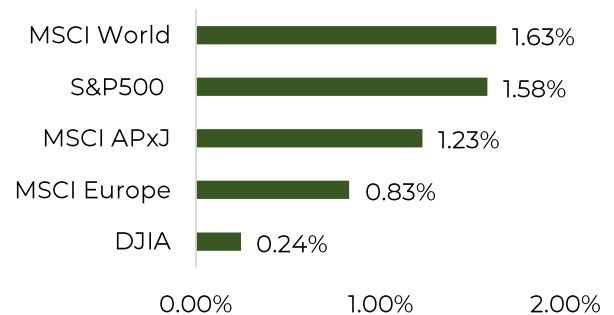
The bank did not rule out further rate hikes and stressed its readiness to raise rates to neutral levels.

US equities rose as tech stocks gained after the better-than-expected earnings of Advanced Micro Devices stoked optimism in semiconductors. Investors also cheered Fed Chair Powell's hint of a possible September rate cut. The S&P 500 closed at 5,522.30 (+1.58% DoD) and the DJIA closed at 40,842.79 (+0.24% DoD).

US Treasury yields dropped as investors digested the Fed's decision to hold rates steady and as Fed Chair Powell put the September rate cut on the table. On average, yields fell by 8.05 bps, with the 2Y closing at 4.26% (-10.10 bps) and the 10Y closing at 4.03% (-10.80 bps).

The **US dollar** weakened after the US Fed decided to keep rates steady and hinted the possibility of rate cuts as early as September. The DXY closed at 104.10 (-0.44% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,522.30	+1.58%
DJIA	40,842.79	+0.24%
3-mo US Treasury yield	5.29%	-0.60 bps
2-yr US Treasury yield	4.26%	-10.10 bps
10-yr US Treasury yield	4.03%	-10.80 bps
DXY	104.10	-0.44%

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