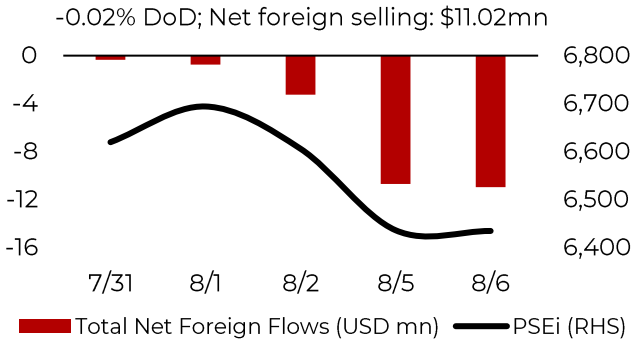


The Morning View

August 7, 2024

Philippine Stock Exchange Index



| | Level | DoD |
|--------------------------|----------|-----------|
| PSEi | 6,433.24 | -0.02% |
| 3-mo bond yield | 5.81% | +0.58 bps |
| 2-yr bond yield | 5.99% | +1.29 bps |
| 10-yr bond yield | 6.15% | +3.39 bps |
| USDPHP | 57.81 | -0.16% |
| Oil (Brent, \$ / barrel) | 76.48 | +0.24% |

The Philippine Statistics Authority reported that PH headline inflation quickened to 4.4% YoY in July (June: 3.7%) amid higher electricity, gas, and vegetable prices. This is the fastest rate in nine months, ending seven months of within-target inflation. Meanwhile, core inflation slowed to 2.9% in July from 3.1% in June.

Emperador, Inc.'s (PSEi Ticker: EMI) net income declined by 13% YoY to Php2.1 billion in 2Q24. EMI added the company remains confident in its growth prospects with the expansion of the Dalmore distillery which will double its current capacity.

Local equities inched down on last-minute profit taking. Investors also turned cautious after the faster-than-expected July local inflation print and the weak performance of global markets overnight. The PSEi closed at 6,433.24 (-0.02% DoD).

Local fixed income yields rose after Bangko Sentral ng Pilipinas (BSP) Governor Remolona said the BSP can afford to keep policy rates steady. The faster-than-expected inflation print also pushed yields higher. On average, yields rose by 1.50 bps, with the 2Y closing at 5.99% (+1.29 bps) and the 10Y closing at 6.15% (+3.39 bps).

The **Philippine peso** strengthened on tempered BSP rate cut bets following the quicker-than-expected July local inflation print and relatively hawkish remarks from BSP Governor Remolona. The USD/PHP pair closed at 57.81 (-0.16% DoD).

US trade deficit narrowed by 2.5% to \$73.1 billion amid an increase in exports. Exports grew by 1.5% as the US exported more commercial aircrafts, natural gas, and motor vehicles. Meanwhile, imports rose by 0.6%, led by inbound shipments of pharmaceuticals and capital goods.

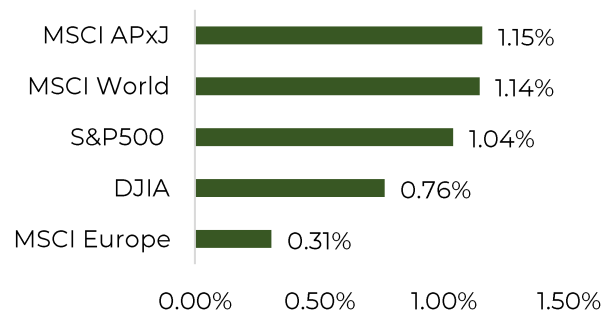
US household debt slightly increased by \$109 billion to \$17.80 trillion in 2Q24, according to a survey by the Federal Reserve Bank of New York. This was driven by rising credit card balances and mortgage debt. Meanwhile, overall delinquency rate remained steady at 3.2% during the quarter.

US equities snapped from its three-day decline after Chicago Fed President Goolsbee's said that he's not seeing a recession yet despite the weaker-than-expected jobs data. The S&P 500 closed at 5,240.03 (+1.04% DoD) and the DJIA closed at 38,997.66 (+0.76% DoD).

US Treasury yields rose amid continued bargain hunting. Investors also digested the upbeat US ISM services report and Goolsbee's remarks. On average, yields rose by 7.33 bps, with the 2Y closing at 3.98% (+5.50 bps) and the 10Y closing at 3.89% (+10.40 bps).

The **US dollar** slightly strengthened as traders weighed remarks from Chicago Fed President Goolsbee who downplayed fears of a recession. The DXY closed at 102.97 (+0.27% DoD).

Global Stock Indices



| | Level | DoD |
|-------------------------|-----------|------------|
| S&P 500 | 5,240.03 | +1.04% |
| DJIA | 38,997.66 | +0.76% |
| 3-mo US Treasury yield | 5.21% | -1.00 bps |
| 2-yr US Treasury yield | 3.98% | +5.50 bps |
| 10-yr US Treasury yield | 3.89% | +10.40 bps |
| DXY | 102.97 | +0.27% |

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