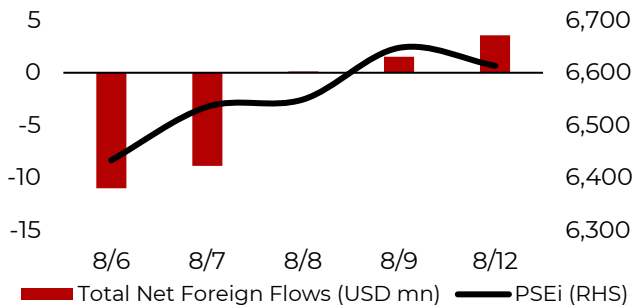


The Morning View

August 13, 2024

Philippine Stock Exchange Index

-0.52% DoD; Net foreign buying: \$3.59mn



	Level	DoD
PSEi	6,613.36	-0.52%
3-mo bond yield	5.88%	+3.48 bps
2-yr bond yield	6.04%	+1.25 bps
10-yr bond yield	6.15%	-0.37 bps
USDPHP	57.32	+0.06%
Oil (Brent, \$ / barrel)	82.30	+3.31%

The Department of Agriculture (DA) projects that palay production in 2024 will remain stable at 20.10 million metric tons (MMT). This estimate represents a downgrade from the earlier forecast of 20.44 MMT, due to weather disruptions caused by El Niño in the first half of the year and La Niña in the second half. In comparison, palay production in 2023 was 20.06 MMT.

Manila Water Co.'s (PSEi Ticker: MWC) subsidiary, Manila Water Philippine Ventures, Inc, partners with Canlubang Sugar Estate for a Php1.4 billion project. The 25-year bulk water supply project aims to deliver 17 million liters of potable water per day to Laguna. It will involve the rehabilitation of Matang Tubig Spring as a water source.

Local equities slightly fell on cautious trading ahead of the Bangko Sentral ng Pilipinas' (BSP) policy meeting later this week. The PSEi closed at 6,613.36 (-0.52% DoD).

Local fixed income yields closed mixed but rose on average as investors positioned in anticipation of the BSP's policy decision. On average, yields rose by 0.60 bps, with the 2Y closing at 6.04% (+1.25 bps) and the 10Y closing at 6.15% (-0.37 bps).

The **Philippine peso** weakened amid escalating Middle East tensions and ahead of the BSP's policy meeting. The USD/PHP pair closed at 57.32 (+0.06% DoD).

A report from the Federal Reserve Bank of New York showed that US consumers' median three-year inflation expectations dropped to 2.3% in July, from 2.9% in June. This marks the lowest level since 2013. Meanwhile, the one-year and five-year inflation expectations remained stable at 3.0% and 2.8%, respectively.

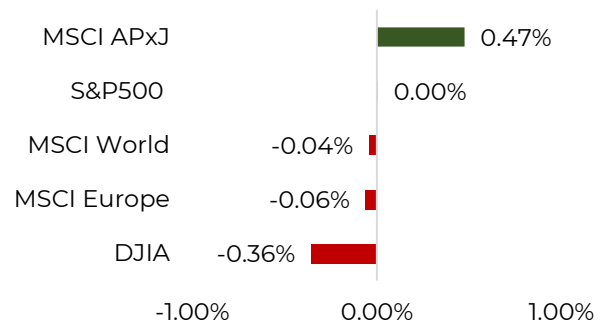
The US Treasury Department said that the US government's budget deficit reached \$244 billion in July, up by 10% YoY. The widening of the gap was mainly attributed to higher borrowing costs on federal debt and spending on social security. This brought the fiscal year to date deficit to \$1.52 trillion, down 6% YoY.

US equities ended flat as investors prepared for the release of key economic data reports this week, including the July Produce Price Index (PPI) inflation, Consumer Price Index (CPI) inflation, and retail sales. The S&P 500 closed at 5,344.39 (+0.00% DoD) and the DJIA closed at 39,357.01 (-0.36% DoD).

US Treasury yields tumbled ahead of the CPI and PPI inflation data releases later this week. On average, yields fell by 2.46 bps, with the 2Y closing at 4.02% (-3.80 bps) and the 10Y closing at 3.91% (-3.50 bps).

The **US dollar** closed flat leading up to the US inflation data releases for July later this week. The DXY closed at 103.14 (+0.00% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,344.39	+0.00%
DJIA	39,357.01	-0.36%
3-mo US Treasury yield	5.22%	-0.60 bps
2-yr US Treasury yield	4.02%	-3.80 bps
10-yr US Treasury yield	3.91%	-3.50 bps
DXY	103.14	+0.00%

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