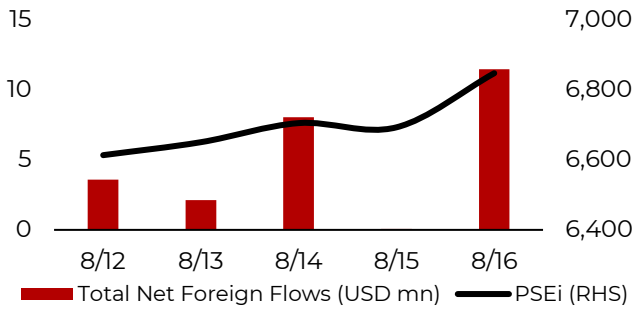


The Morning View

August 19, 2024

Philippine Stock Exchange Index

+2.31% DoD; Net foreign buying: \$11.46mn



	Level	DoD
PSEi	6,847.37	+2.31%
3-mo bond yield	5.95%	+0.93 bps
2-yr bond yield	6.00%	-2.16 bps
10-yr bond yield	6.06%	-5.22 bps
USDPHP	57.25	+0.61%
Oil (Brent, \$ / barrel)	79.68	-1.68%

Economists surveyed by Bloomberg expect the Bangko Sentral ng Pilipinas (BSP) to gradually reduce monetary policy until early 2025. The terminal rate for policy rates is also estimated to be around 5.0%, which is 125 bps lower than the level today.

Manila Electric Co.'s (PSEi Ticker: MER) chairman Manuel V. Pangilinan remarked that he is open to acquiring a larger stake in SP New Energy Corp. (SPNEC). MER, through its unit MGen Renewable Energy, Inc., currently owns 55.96% of SPNEC. SPNEC, through its subsidiary Terra Solar Philippines, Inc., is currently developing a Php200-billion solar power project.

Local equities soared as the market cheered the BSP's 25-bps policy rate cut, the first time in nearly four years. The PSEi closed at 6,847.37 (+2.31% DoD).

Local fixed income yields continued to decline following the BSP's 25-bp rate cut. The stronger-than-expected US retail sales and labor data may have tempered the drop in yields. On average, yields fell by 2.32 bps, with the 2Y closing at 6.00% (-2.16 bps) and the 10Y closing at 6.06% (-5.22 bps).

The **Philippine peso** weakened after the stronger-than-expected retail sales and below-consensus initial jobless claims data in the US eased concerns over a potential US economic slowdown. The USD/PHP pair closed at 57.25 (+0.61% DoD).

San Francisco Fed President Mary Daly said it is time to consider adjusting borrowing rates from its current range of 5.25-5.50%.

She added that recent economic data has given her "more confidence" on the sustained downtrend of inflation, and that the economy was "not in an urgent place".

The University of Michigan Consumer Sentiment Index rose to 67.8 in August (July: 66.4), rebounding for the first time in five months amid increased optimism over personal finances and economic outlook.

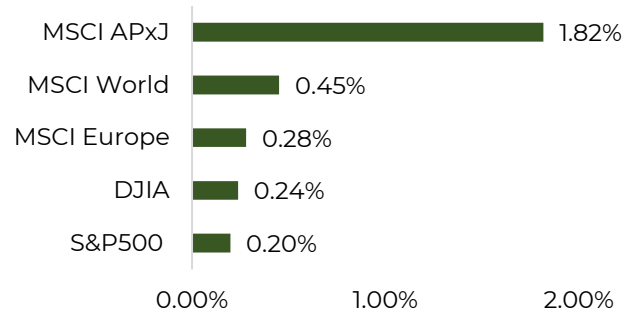
US consumers' one-year and long-term inflation expectations were unchanged at 2.9% and 3.0%, respectively.

US equities extended gains as the better-than-expected consumer sentiment reading in August boosted hopes for a soft landing for the US economy. The S&P 500 closed at 5,554.25 (+0.20% DoD) and the DJIA closed at 40,659.76 (+0.24% DoD).

US Treasury yields closed lower as investors weighed a slew of US economic data releases, including the fall in housing starts and the US consumer sentiment survey showing steady inflation expectations. On average, yields fell by 2.85 bps, with the 2Y closing at 4.05% (-4.30 bps) and the 10Y closing at 3.88% (-3.10 bps).

The **US dollar** weakened following dovish remarks from San Francisco Fed President Daly. The DXY closed at 102.46 (-0.50% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,554.25	+0.20%
DJIA	40,659.76	+0.24%
3-mo US Treasury yield	5.22%	-1.00 bps
2-yr US Treasury yield	4.05%	-4.30 bps
10-yr US Treasury yield	3.88%	-3.10 bps
DXY	102.46	-0.50%

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