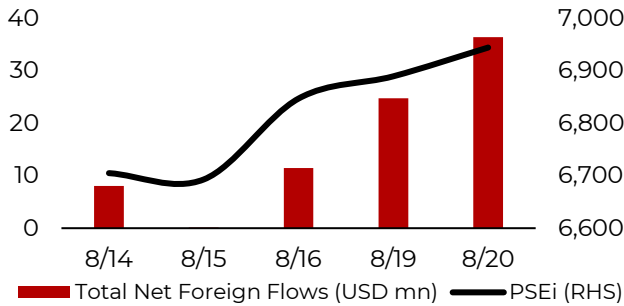


The Morning View

August 21, 2024

Philippine Stock Exchange Index

+0.80% DoD; Net foreign buying: \$36.44mn



	Level	DoD
PSEi	6,944.76	+0.80%
3-mo bond yield	5.95%	-0.76 bps
2-yr bond yield	6.00%	+0.35 bps
10-yr bond yield	6.05%	-0.10 bps
USDPHP	56.55	-0.16%
Oil (Brent, \$ / barrel)	77.20	-0.59%

National Economic and Development Authority (NEDA) Secretary Arsenio Balisacan emphasized the role of inclusive growth in reducing poverty and called for structural economic transformation by boosting high-productivity sectors like manufacturing, services, and tourism. The government's goal is to lower the poverty rate from 15.5% in 2023 to 9.0% in 2028.

Manila Electric Company (PSEi Ticker: MER) is proceeding with its power supply auction after receiving court clearance. The Taguig Regional Trial Court junked the petition for injunction against MER's competitive selection process for 600-megawatt (MW) baseload and 400-MW mid-merit supply contracts.

Local equities rose as market sentiment was lifted by strong corporate earnings, the balance of payments surplus posted in July, and strengthening of the local currency. The PSEi closed at 6,944.76 (+0.80% DoD).

Local fixed income yields ended mixed ahead of US Fed Chair's speech in the upcoming Jackson Hole symposium. On average, yields rose by 0.29 bps, with the 2Y closing at 6% (+0.35 bps) and the 10Y closing at 6.05% (-0.10 bps).

The **Philippine peso** strengthened as traders awaited cues on monetary policy path from US Fed Chairman Powell in his speech this Friday. The USD/PHP pair closed at 56.55 (-0.16% DoD).

The People's Bank of China (PBoC) maintained its one-year loan prime rate (LPR) at 3.35% and the five-year LPR at 3.85%, aligning with expectations. The one-year LPR serves as the benchmark for most loans, while the five-year LPR influences mortgage rates.

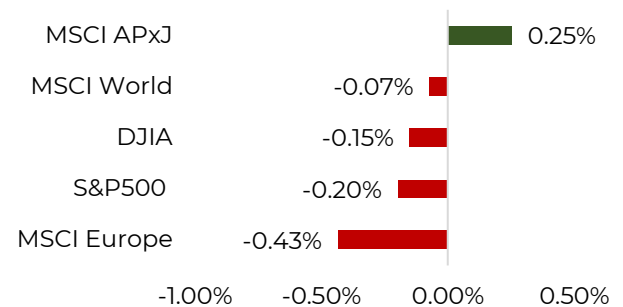
Japan's trade deficit widened to \$4.28 billion in July (June: \$1.44 billion). Exports rose by 10.3% YoY (June: 5.4%) helped by a weaker yen and higher automobile exports. Imports grew at a faster pace of 16.6% YoY (June: 3.2%) on higher fuel and machinery imports.

US equities snapped an eight-day gaining streak as investors awaited the Bureau of Labor Statistics' preliminary revisions to the payroll data as well as Fed Chair Powell's speech this week. The S&P 500 closed at 5,597.12 (-0.20% DoD) and the DJIA closed at 40,834.97 (-0.15% DoD).

US Treasury yields dropped as investors awaited guidance on US policy rate path, inflation, and economy from Fed Chair Powell's speech at the Jackson Hole Symposium this week. On average, yields fell by 5.66 bps, with the 2Y closing at 3.99% (-8.20 bps) and the 10Y closing at 3.81% (-6.40 bps).

The **US dollar** weakened amid increased bets of a dovish US Fed ahead of the upcoming Fed meeting minutes release and Powell's speech. The DXY closed at 101.44 (-0.44% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,597.12	-0.20%
DJIA	40,834.97	-0.15%
3-mo US Treasury yield	5.18%	-2.20 bps
2-yr US Treasury yield	3.99%	-8.20 bps
10-yr US Treasury yield	3.81%	-6.40 bps
DXY	101.44	-0.44%

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