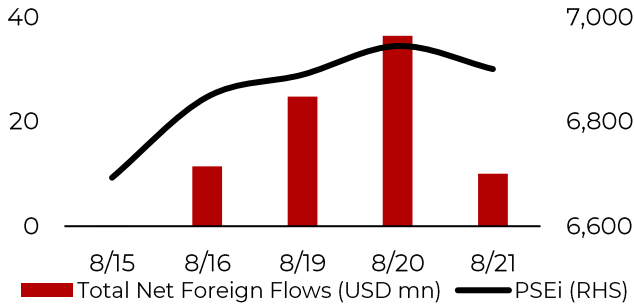


The Morning View

August 22, 2024

Philippine Stock Exchange Index

-0.64% DoD; Net foreign buying: \$10.04mn



	Level	DoD
PSEi	6,900.62	-0.64%
3-mo bond yield	5.94%	-0.36 bps
2-yr bond yield	6.01%	+0.28 bps
10-yr bond yield	6.05%	+0.21 bps
USDPHP	56.50	-0.09%
Oil (Brent, \$ / barrel)	76.05	-1.49%

The Philippine government's infrastructure spending surged by 17.0% YoY to Php139.7 billion in June, according to the Department of Budget and Management. This jump was driven by road infrastructure projects of the Department of Public Works and Highways. For 1H24, infrastructure spending and other capital outlays rose by 20.6% YoY, amounting to Php611.8 billion.

ACEN Corp. (PSEi Ticker: ACEN) targets to operationalize its Laguna Lake floating solar projects by 2027. The five floating solar projects will have a combined capacity of 1,120 megawatts peak and will supply electricity to the Luzon grid. ACEN looks to begin the construction by 3Q25.

Local equities fell as traders took profits after the three-day rally. Investors also turned cautious ahead of US Fed Chair Powell's speech at the Jackson Hole symposium this week. The PSEi closed at 6,900.62 (-0.64% DoD).

Local fixed income yields rose ahead of the release of the US Federal Reserve's July meeting minutes. On average, yields rose by 0.53 bps, with the 2Y closing at 6.01% (+0.28 bps) and the 10Y closing at 6.05% (+0.21 bps).

The **Philippine peso** slightly strengthened ahead of the overnight release of the US Fed's meeting minutes and revisions to US payrolls data. The USD/PHP pair closed at 56.50 (-0.09% DoD).

The Federal Reserve's July minutes of the meeting revealed that several Fed officials are open to a potential rate cut in September if economic data continues to ease. They also noted that remains strong but not overheated, which provides room to begin policy easing at their next meeting.

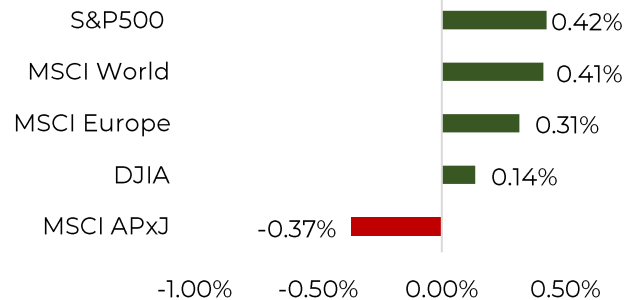
US nonfarm payroll growth for the 12-month period ending March 2024 was revised downwards by 818,000 to 2.1 million, mainly due to lower job gains in professional and business services. Monthly average job growth was 174,000 from previously 242,000.

US equities rebounded on the back of stronger bets of a policy rate cut in September following the Fed's dovish meeting minutes and the significant downward revision to the US payroll data. The S&P 500 closed at 5,620.85 (+0.42% DoD) and the DJIA closed at 40,890.49 (+0.14% DoD).

US Treasury yields fell as investors parsed through the US Fed's July meeting minutes which suggested that the Fed is moving closer to a September rate cut. On average, yields fell by 2.07 bps, with the 2Y closing at 3.93% (-5.50 bps) and the 10Y closing at 3.80% (-0.60 bps).

The **US dollar** weakened as traders digested the Fed minutes which supported the possibility of rate cuts by September. The DXY closed at 101.04 (-0.40% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,620.85	+0.42%
DJIA	40,890.49	+0.14%
3-mo US Treasury yield	5.15%	-2.60 bps
2-yr US Treasury yield	3.93%	-5.50 bps
10-yr US Treasury yield	3.80%	-0.60 bps
DXY	101.04	-0.40%

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