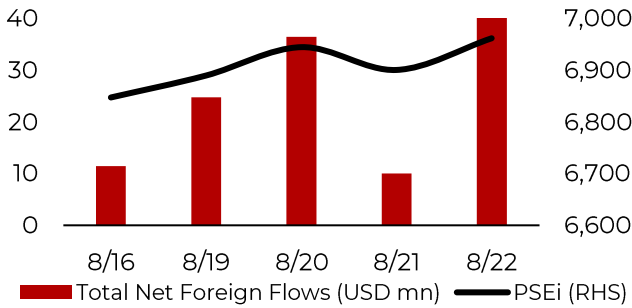


The Morning View

August 27, 2024

Philippine Stock Exchange Index

+0.89% DoD; Net foreign buying: \$41.30mn



	Level	DoD
PSEi	6,961.96	+0.89%
3-mo bond yield	5.92%	-1.80 bps
2-yr bond yield	6.02%	+1.02 bps
10-yr bond yield	6.07%	+1.87 bps
USDPHP	56.33	-0.30%
Oil (Brent, \$ / barrel)	77.22	+1.54%

*As of August 22, 2024

Fed Chair Jerome Powell signaled that the time has come to cut rates, but the timing and pace will depend on upcoming economic data. While Powell expressed more confidence on inflation progress, he cautioned against rising employment risks and stressed the need to support the labor market.

US core capital goods orders fell by 0.1% MoM in July, while June orders were revised lower to 0.5% from previously 0.9%. The decline in July is attributable to fewer orders for electrical equipment and primary metals. The weaker data suggests a loss of momentum in business spending on equipment

US equities closed mixed as investors rotated out of tech stocks. The market also digested developments on the Middle East geopolitical conflict. The S&P 500 closed at 5,616.84 (-0.32% DoD) and the DJIA closed at a fresh high of 41,240.52 (+0.16% DoD).

US Treasury yields edged higher despite Fed Chair Powell's dovish commentary as investors digested the recent uptick in oil prices due to escalating geopolitical conflict between Israel and Iran-backed Hezbollah. On average, yields rose by 1.83 bps, with the 2Y closing at 3.94% (+2.10 bps) and the 10Y closing at 3.82% (+1.70 bps).

The **US dollar** slightly strengthened amid safe-haven demand driven by heightened geopolitical conflict between Israel and Iran-backed Hezbollah. The DXY closed at 100.85 (+0.13% DoD).

Moody's Analytics expects the Philippine economy to grow by 5.9% in 2024. This is slightly behind the government's 6-7% growth target but still seen as competitive in Southeast Asia. Growth is expected to continue in 2025 as monetary policy easing may improve consumption and investments.

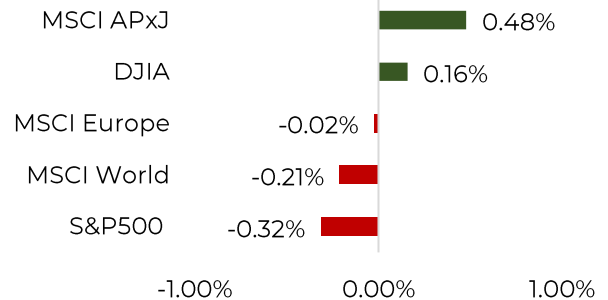
San Miguel Corp.'s (PSEi Ticker: SMC) Php740-billion New Manila International Airport (NMIA) project pushes back operations target from 2027 to 2028. According to SMC's President and Chief Executive Officer Ramon Ang, the NMIA project was delayed due to the lack of construction supplies.

Local equities rose as market sentiment was lifted by the US Federal Reserve's July meeting minutes, which indicated a potential September policy rate cut. The PSEi closed at 6,961.96 (+0.89% DoD).

Local fixed income yields declined on average as traders positioned ahead of US Fed Chair Powell's speech at the Jackson Hole symposium. On average, yields fell by 1.07 bps, with the 2Y closing at 6.02% (+1.02 bps) and the 10Y closing at 6.07% (+1.87 bps).

The **Philippine peso** strengthened as the dovish Fed meeting minutes and downward revisions to US nonfarm payroll data suggest that a Fed rate cut in September appears to be likely. The USD/PHP pair closed at 56.33 (-0.30% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,616.84	-0.32%
DJIA	41,240.52	+0.16%
3-mo US Treasury yield	5.14%	0.00 bps
2-yr US Treasury yield	3.94%	+2.10 bps
10-yr US Treasury yield	3.82%	+1.70 bps
DXY	100.85	+0.13%

*As of August 26, 2024

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