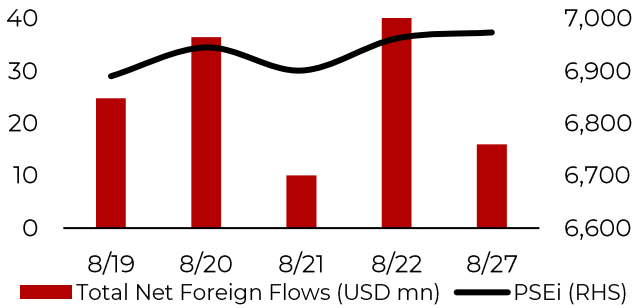


# The Morning View

August 28, 2024

## Philippine Stock Exchange Index

+0.16% DoD; Net foreign buying: \$15.96mn



The Department of Finance reported that the National Government's (NG) budget deficit widened by 7.2% YoY to Php642.8 billion in 7M24. The increase was driven by a 13.2% YoY rise in government spending to Php3.25 trillion. Meanwhile, revenues grew by 14.8% YoY to Php2.61 trillion.

San Miguel Corp.'s (PSEi Ticker: SMC) power arm, San Miguel Global Power Holdings Corp., approved the offer and issuance of up to \$300 million in senior perpetual capital securities. The proposed issuance will be listed on the Singapore Exchange Securities Trading Ltd., and part of the proceeds will be used to fund the predevelopment costs of solar energy projects.

Local equities rose amid market optimism boosted by dovish comments from US Federal Reserve Chairman Jerome Powell during the Jackson Hole Symposium last week. The PSEi closed at 6,973.41 (+0.16% DoD).

Local fixed income yields continued to decline as markets price in further rate cuts from the Federal Reserve. On average, yields fell by 0.63 bps, with the 2Y closing at 6.01% (-0.62 bps) and the 10Y closing at 6.07% (0 bps).

The Philippine peso strengthened as traders digested US Fed Chair Powell's speech hinting that the time has come to start cutting rates. The USD/PHP pair closed at 56.28 (-0.09% DoD).

	Level	DoD
PSEi	6,973.41	+0.16%
3-mo bond yield	5.93%	+0.44 bps
2-yr bond yield	6.01%	-0.62 bps
10-yr bond yield	6.07%	0.00 bps
USDPHP	56.28	-0.09%
Oil (Brent, \$ / barrel)	79.55	-2.31%

US single-family home prices fell by 0.1% MoM in June. This resulted in a 5.1% YoY increase, the smallest since July 2023 (May: revised 5.9%). The slowdown was driven by higher mortgage rates, which dampened affordability and demand, along with an increased supply of homes on the market.

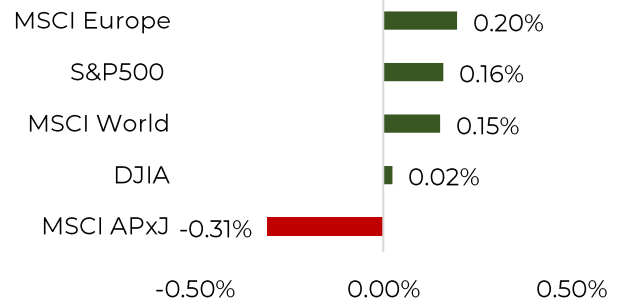
European Central Bank Governing Council member Knot wants to see more data before cutting rates in September. Knot added that he is in favor of gradual easing of policy rates as long as inflation is expected to decelerate to 2% by next year.

US equities inched up ahead of Nvidia's earnings report on Wednesday. Investors also awaited the release of the July Personal Consumption Expenditures (PCE) inflation print on Friday. The S&P 500 closed at 5,625.80 (+0.16% DoD) and the DJIA closed at a fresh high of 41,250.50 (+0.02% DoD).

US Treasury yields closed higher as investors awaited cues from key economic data releases coming up this week, including the second estimate for US 2Q24 GDP and the July US PCE inflation print. On average, yields rose by 3.31 bps, with the 2Y closing at 4.01% (+7.00 bps) and the 10Y closing at 3.85% (+3.60 bps).

The US dollar weakened as investors continued to digest dovish hints from the Fed. Moreover, safe-haven flows also retreated amid easing Middle East tensions. The DXY closed at 100.55 (-0.30% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,625.80	+0.16%
DJIA	41,250.50	+0.02%
3-mo US Treasury yield	5.17%	+3.10 bps
2-yr US Treasury yield	4.01%	+7.00 bps
10-yr US Treasury yield	3.85%	+3.60 bps
DXY	100.55	-0.30%

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