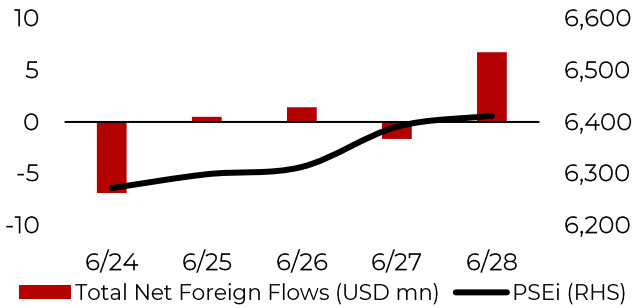


The Morning View

July 1, 2024

Philippine Stock Exchange Index

+0.33% DoD; Net foreign buying: \$6.73mn



	Level	DoD
PSEi	6,411.91	+0.33%
3-mo bond yield	5.74%	+3.35 bps
2-yr bond yield	6.26%	-0.47 bps
10-yr bond yield	6.65%	-1.96 bps
USDPHP	58.61	-0.24%
Oil (Brent, \$ / barrel)	86.41	+0.02%

The Bangko Sentral ng Pilipinas (BSP) expects June inflation to range between 3.4% and 4.2%. The central bank noted that upside risks include higher agricultural commodity prices and the peso's weakness, while lower electricity rates and fruit prices may slow inflation. The inflation data will be released on July 5, 2024.

Manila Electric Co.'s (PSEi Ticker: MER) power generation arm, Meralco PowerGen Corp. (MGen) appoints Emmanuel "Manny" Rubio as its President and Chief Executive Officer (CEO). Manny, the former president and CEO of Aboitiz Power, will oversee the MGen's future expansion plans.

Local equities gained for a fifth straight day as investors' sentiment was boosted by the BSP's lower inflation projections and expectations of policy rate cuts as early as August this year. The PSEi closed at 6,411.91 (+0.33% DoD).

Local fixed income yields continued to be mixed as analysts remain divided on whether the BSP will start cutting interest rates as early as August. On average, yields rose by 0.03 bps, with the 2Y closing at 6.26% (-0.47 bps) and the 10Y closing at 6.65% (-1.96 bps).

The **Philippine peso** strengthened as investors digested the BSP's downward revision of its 2024 risk-adjusted inflation forecast to 3.1% from previously 3.8%. The USD/PHP pair closed at 58.61 (-0.24% DoD).

US Personal Consumption Expenditures (PCE) monthly inflation was flat in May (April: 0.3% MoM) as a significant drop in energy prices offset modest gains in service costs. Meanwhile, core PCE inflation rose by 0.1% MoM in May, following an upwardly revised 0.3% gain in April. Both figures were in line with the market's expectations.

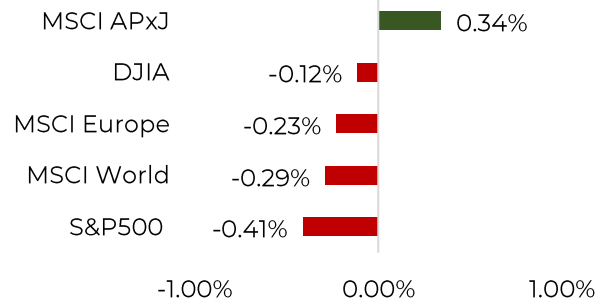
Marine Le Pen's National Rally party is expected to win 34% of votes in the first round of France's parliamentary election, according to exit polls. This is significantly ahead of New Popular Front and Macron's Together party, which are projected to get 20.5-23% and 29% of votes, respectively.

US equities edged lower despite the cooling PCE inflation report as investors reacted to the first presidential debate of President Joe Biden and former President Donald Trump. The S&P 500 closed at 5,460.48 (-0.41% DoD) and the DJIA closed at 39,118.86 (-0.12% DoD).

US Treasury yields were mixed but rose on average amid a month-end rebalancing of bond indices. Investors also assessed the May PCE report. On average, yields rose by 6.63 bps, with the 2Y closing at 4.76% (+4.20 bps) and the 10Y closing at 4.40% (+11.00 bps).

The **US dollar** slightly weakened as traders weighed the recent PCE data release which came in-line with market's expectations. The DXY closed at 105.87 (-0.04% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,460.48	-0.41%
DJIA	39,118.86	-0.12%
3-mo US Treasury yield	5.36%	-1.50 bps
2-yr US Treasury yield	4.76%	+4.20 bps
10-yr US Treasury yield	4.40%	+11.00 bps
DXY	105.87	-0.04%

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