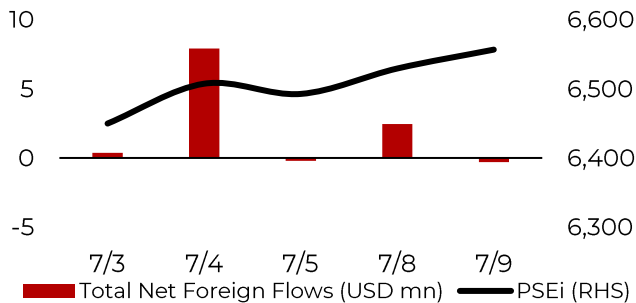


# The Morning View

July 10, 2024

## Philippine Stock Exchange Index

+0.42% DoD; Net foreign selling: \$0.29mn



**The National Economic and Development Authority (NEDA) said that the recent Metro Manila wage hike would have little-to-no impact on growth targets.** NEDA Secretary Balisacan shared that any negative impact on gross domestic product may be offset by increased investments.

**Universal Robina Corp.'s (PSEi Ticker: URC) approves the formation of a joint venture (JV) with Greencycle Innovative Solutions, Inc. for plastic waste management collection.** The JV is slated to begin commercial operations by September this year, with URC holding a majority stake at 75%.

**Local equities** rose as the Bangko Sentral ng Pilipinas (BSP) Governor Remolona's statement that the BSP is on track towards cutting rates possibly in August lifted investors' sentiment. The PSEi closed at 6,556.66 (+0.42% DoD).

**Local fixed income yields** continued to decline on hopes of policy easing from the BSP and the Federal Reserve. On average, yields fell by 3.37 bps, with the 2Y closing at 6.15% (-3.71 bps) and the 10Y closing at 6.34% (-9.34 bps).

The **Philippine peso** strengthened amid growing hopes of potential Fed policy easing by September. Investors also awaited US Fed Chair Powell's two-day congressional testimony. The USD/PHP pair closed at 58.44 (-0.11% DoD).

	Level	DoD
PSEi	6,556.66	+0.42%
3-mo bond yield	5.69%	-1.86 bps
2-yr bond yield	6.15%	-3.71 bps
10-yr bond yield	6.34%	-9.34 bps
USDPHP	58.44	-0.11%
Oil (Brent, \$ / barrel)	84.66	-1.27%

**Federal Reserve Chair Jerome Powell addressed Congress, noting that the case for a rate cut is developing but remains uncertain.** Powell also acknowledged the Fed's dual mandate and that maintaining tight monetary policy for too long could unnecessarily weaken economic activity.

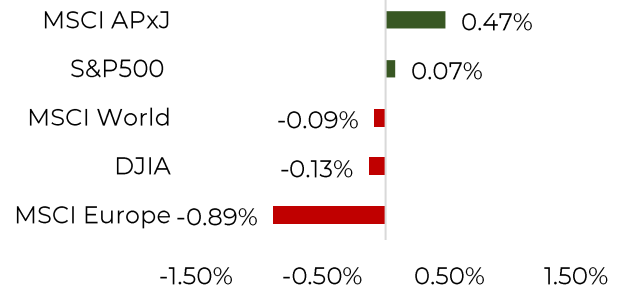
**The US Small Business Optimism Index climbed to 91.5 in June, the highest level since December.** However, this is lower than the 50-year average of 98 as borrowing costs and inflation remain high.

**US equities** closed mixed after Fed Chair Powell acknowledged inflation progress but did not give signals on rate cut timing. Gains were also buoyed by tech giant NVIDIA. The S&P 500 closed at another fresh high of 5,576.98 (+0.07% DoD) and the DJIA closed at 39,291.97 (-0.13% DoD).

**US Treasury yields** rose as investors assessed US Fed Chair Powell's speech acknowledging progress in reducing inflation, but noted more good data would be needed to strengthen confidence and warrant for a rate cut. On average, yields rose by 0.94 bps, with the 2Y closing at 4.63% (+2.00 bps) and the 10Y closing at 4.3% (+1.80 bps).

The **US dollar** slightly strengthened as traders weighed US Fed Chair Powell's speech highlighting the need for additional data before cutting rates. The DXY closed at 105.13 (+0.12% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,576.98	+0.07%
DJIA	39,291.97	-0.13%
3-mo US Treasury yield	5.36%	-2.40 bps
2-yr US Treasury yield	4.63%	+2.00 bps
10-yr US Treasury yield	4.30%	+1.80 bps
DXY	105.13	+0.12%

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