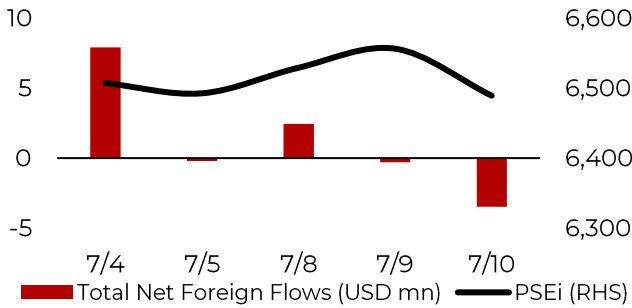


# The Morning View

July 11, 2024

## Philippine Stock Exchange Index

-1.03% DoD; Net foreign selling: \$3.48mn



	Level	DoD
PSEi	6,489.35	-1.03%
3-mo bond yield	5.67%	-2.37 bps
2-yr bond yield	6.11%	-4.45 bps
10-yr bond yield	6.29%	-5.14 bps
USDPHP	58.32	-0.21%
Oil (Brent, \$ / barrel)	85.08	+0.50%

**The Philippine Statistics Authority reported that the country's trade deficit widened by 4.5% YoY to \$4.60 billion in May.** Export dipped by 3.1% YoY to \$6.33 billion, dragged by lower electronic and mineral product exports. Meanwhile, May imports inched down by 0.03% to \$10.93 billion. For 5M24, PH trade deficit narrowed to \$20.59 billion (5M23: \$23.69 billion).

**PLDT Inc., (PSEi Ticker: TEL) through ePLDT, Inc., completes its VITRO data center structure.** The VITRO hyperscale data center has a potential 50-megawatt capacity and will be TEL's biggest data center to date.

**Local equities** fell amid investors' profit-taking. Concerns over the peso weakening to the 59:\$1 level from a possible early rate cut by the Bangko Sentral ng Pilipinas (BSP) also weighed down on sentiment. The PSEi closed at 6,489.35 (-1.03% DoD).

**Local fixed income yields** declined further as investors continue to price in an early BSP rate cut. On average, yields fell by 4.07 bps, with the 2Y closing at 6.11% (-4.45 bps) and the 10Y closing at 6.29% (-5.14 bps).

The **Philippine peso** strengthened as traders digested US Fed Chair Powell's testimony noting the progress made on inflation and that more good data could strengthen the case for a rate cut. The USD/PHP pair closed at 58.32 (-0.21% DoD).

**Federal Reserve Chair Jerome Powell emphasized the Fed's independence, highlighting that interest rate decisions are made based on data rather than political considerations.** He added that the Fed is moving closer to a rate cut decision, but he cautioned that inflation has not yet been fully beaten.

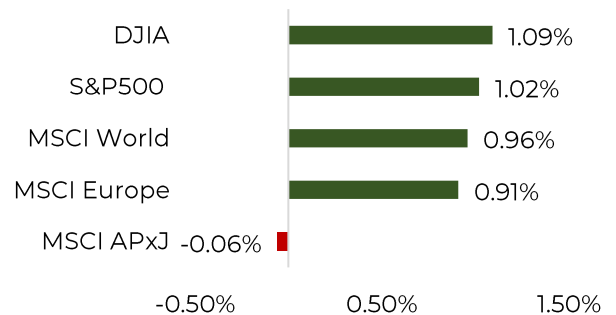
**OPEC+ data showed that oil-cut laggards are still exceeding supply limits.** While Iraq, Kazakhstan, and Russia have cut output, total barrels produced are still above the agreed upon limits.

**US equities** rose ahead of the US CPI print later this week. Investors also continued to digest US Fed Chair Powell's remarks which buoyed hopes for rate cuts this year. The S&P 500 closed at 5,633.91 (+1.02% DoD) and the DJIA closed at 39,721.36 (+1.09% DoD).

**US Treasury yields** were mixed but fell on average following comments from the Fed Chair that holding rates high for too long could unduly dampen economic growth and employment. On average, yields fell by 0.89 bps, with the 2Y closing at 4.62% (-0.60 bps) and the 10Y closing at 4.29% (-1.20 bps).

The **US dollar** slightly weakened as traders positioned ahead of the US inflation data release. Investors also weighed US Fed Chair Powell's remarks highlighting the Fed's data dependent decision making. The DXY closed at 105.05 (-0.08% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,633.91	+1.02%
DJIA	39,721.36	+1.09%
3-mo US Treasury yield	5.38%	+1.50 bps
2-yr US Treasury yield	4.62%	-0.60 bps
10-yr US Treasury yield	4.29%	-1.20 bps
DXY	105.05	-0.08%

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