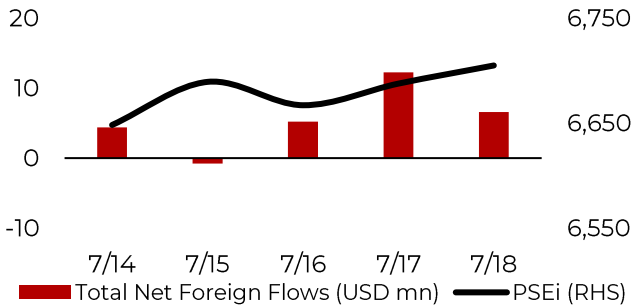


The Morning View

July 19, 2024

Philippine Stock Exchange Index

+0.26% DoD; Net foreign buying: \$6.62mn



	Level	DoD
PSEi	6,705.01	+0.26%
3-mo bond yield	5.75%	-0.53 bps
2-yr bond yield	6.06%	+0.95 bps
10-yr bond yield	6.25%	+0.96 bps
USDPHP	58.25	-0.08%
Oil (Brent, \$ / barrel)	85.11	+0.04%

S&P Global Ratings noted that consumer demand in the Philippines may remain muted due to high interest rates and weak consumer confidence. Nonetheless, it still expects the emerging market region to see stronger growth this year compared to 2023.

Ayala Land, Inc. (PSEi Ticker: ALI) eyes a Php14-billion sustainability-linked bond issuance with the International Finance Corp. for its mall renovations. ALI's Chief Finance Officer Bengzon noted that the bonds will have a tenor of 8 years.

Local equities rose amid improved sentiment after the Philippine peso strengthened against the US dollar and the Asian Development Bank maintained its economic growth forecasts for the Philippines. The PSEi closed at 6,705.01 (+0.26% DoD).

Local fixed income yields closed mixed but fell on average after the Fed's beige book revealed slowing economic activity and cooling labor market in the US. On average, yields fell by 0.82 bps, with the 2Y closing at 6.06% (+0.95 bps) and the 10Y closing at 6.25% (+0.96 bps).

The Philippine peso slightly strengthened after US Fed Governor Waller said that the Fed is "moving closer" to cutting rates. The USD/PHP pair closed at 58.25 (-0.08% DoD).

Federal Reserve Bank of San Francisco President Mary Daly said that she is looking for more confidence that inflation is moving back to the Fed's 2% target before calling for a rate cut. Daly also mentioned that Fed officials should "balance the costs of acting fast and being wrong" to avoid a policy mistake.

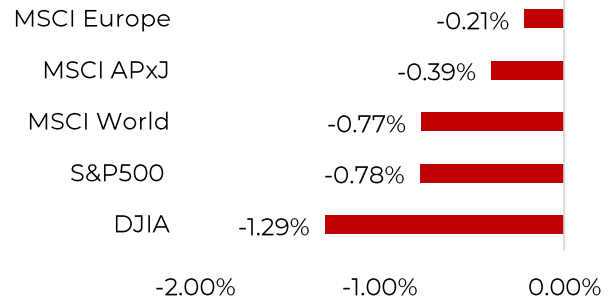
US initial jobless claims rose by 20,000 to 243,000 for the week ended July 13, surpassing the Bloomberg estimate of 230,000. Continuing claims increased by 20,000 to 1.87 million for the week ended July 6. These data add to evidence suggesting a cooling labor market.

US equities declined amid a broad market sell-off as investors continued to decrease position in mega-cap tech stocks and took profit on non-tech sectors. The S&P 500 closed at 5,544.59 (-0.78% DoD) and the DJIA closed at 40,665.02 (-1.29% DoD).

US Treasury yields ended higher as investors weighed comments from Fed officials Williams and Daly that they are looking for more good data before calling for a rate cut. On average, yields rose by 3.11 bps, with the 2Y closing at 4.48% (+3.60 bps) and the 10Y closing at 4.20% (+4.50 bps).

The **US dollar** strengthened as the Euro weakened after the European Central Bank (ECB) kept rates steady and hinted at a potential September cut. The DXY closed at 104.17 (+0.41% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,544.59	-0.78%
DJIA	40,665.02	-1.29%
3-mo US Treasury yield	5.35%	-0.30 bps
2-yr US Treasury yield	4.48%	+3.60 bps
10-yr US Treasury yield	4.20%	+4.50 bps
DXY	104.17	+0.41%

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