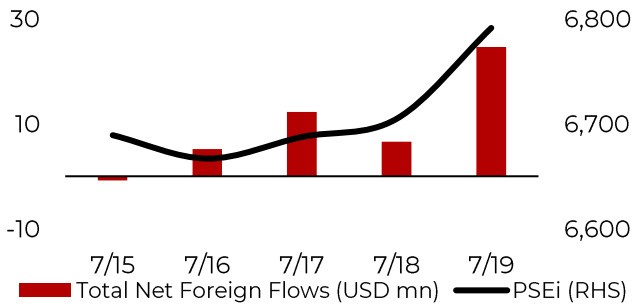


The Morning View

July 22, 2024

Philippine Stock Exchange Index

+1.29% DoD; Net foreign buying: \$24.67mn



	Level	DoD
PSEi	6,791.69	+1.29%
3-mo bond yield	5.74%	-1.16 bps
2-yr bond yield	6.07%	+0.20 bps
10-yr bond yield	6.25%	-0.17 bps
USDPHP	58.34	+0.15%
Oil (Brent, \$ / barrel)	82.63	-2.91%

The Bangko Sentral ng Pilipinas (BSP) reported that the Philippines' external debt service burden declined by 19.8% YoY to \$4.64 billion as of end-April amid lower principal payments. As of 1Q24, the debt service burden as a share of gross domestic product (GDP) stood lower at 3.0% (1Q23: 4.3%).

Ayala Land, Inc. (PSEi Ticker: ALI) raises Php20.5 billion through its sustainability-linked bond issuance. The proceeds will be used to implement water- and power-saving measures across ALI's commercial real estate portfolio.

Local equities jumped as investor sentiment was lifted by the strong start of the second quarter earnings season, led by the Bank of the Philippine Islands. Investors also remained optimistic in anticipation of BSP rate cuts. The PSEi closed at 6,791.69 (+1.29% DoD).

Local fixed income yields ended mixed but fell on average after the rise in US initial jobless claims pointed to a softening US labor market and boosted hopes for a Fed rate cut. On average, yields fell by 0.05 bps, with the 2Y closing at 6.07% (+0.20 bps) and the 10Y closing at 6.25% (-0.17 bps).

The **Philippine peso** slightly weakened due to a broad US dollar strength amid increased prospects of a Donald Trump victory. The USD/PHP pair closed at 58.34 (+0.15% DoD).

US President Joe Biden announced that he will withdraw from the 2024 US presidential race. This was after weeks of pressure from the Democratic Party to quit his re-election bid after a poor debate with Republican candidate Donald Trump. Biden endorsed Vice President Kamala Harris as the Democratic Party nominee.

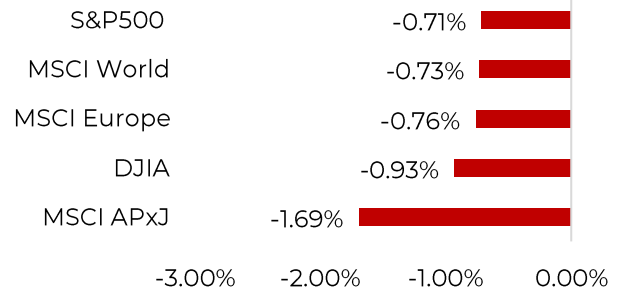
Japan's core Consumer Price Index (CPI) inflation rose to 2.6% YoY in June (May: 2.5%) amid higher energy prices after a reduction in utility subsidies. Excluding fuel prices, "core-core" CPI inflation, a measure monitored by the Bank of Japan to gauge broader price trends, inched up to 2.2% YoY (May: 2.1%).

US equities dropped as investors rotated out of mega-cap technology stocks in favor of smaller companies. The disruptive cyber outage last week also weighed on investors' outlook on technology names. The S&P 500 closed at 5,505.00 (-0.71% DoD) and the DJIA closed at 40,287.53 (-0.93% DoD).

US Treasury yields rose as investors continued to assess the policy path following recent cautious statements from US Fed officials Williams and Daly. On average, yields rose by 2.59 bps, with the 2Y closing at 4.52% (+3.90 bps) and the 10Y closing at 4.24% (+3.70 bps).

The **US dollar** strengthened as traders weighed the growing possibility of a second Donald Trump presidency and the recent global cyber outage. The DXY closed at 104.40 (+0.21% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,505.00	-0.71%
DJIA	40,287.53	-0.93%
3-mo US Treasury yield	5.34%	-0.80 bps
2-yr US Treasury yield	4.52%	+3.90 bps
10-yr US Treasury yield	4.24%	+3.70 bps
DXY	104.40	+0.21%

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