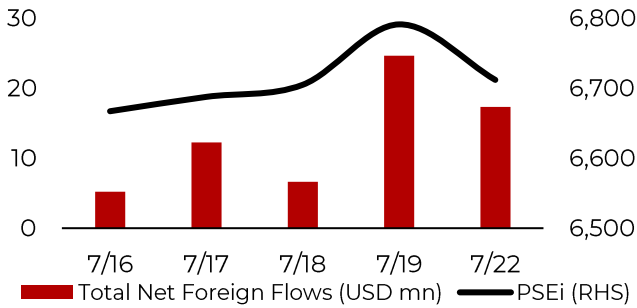


The Morning View

July 23, 2024

Philippine Stock Exchange Index

-1.17% DoD; Net foreign buying: \$17.35mn



	Level	DoD
PSEi	6,712.05	-1.17%
3-mo bond yield	5.76%	+2.07 bps
2-yr bond yield	6.07%	+0.49 bps
10-yr bond yield	6.26%	+1.35 bps
USDPHP	58.38	+0.08%
Oil (Brent, \$ / barrel)	82.40	-0.28%

President Ferdinand R. Marcos Jr. announced a total ban on Philippine offshore gaming operators (POGOs) during his State of the Nation Address, citing links to illegal activities. He directed the Philippine Amusement and Gaming Corp. to halt all operations by end-2024 and instructed the Labor department to assist displaced workers in finding new employment.

Cebu Air, Inc. (PSEi Ticker: CEB) looks to acquire AirSWIFT Transport, Inc., a unit of Ayala Land, Inc. (PSEi Ticker: ALI). The acquisition is seen to boost domestic tourism, especially in El Nido, Palawan. As of today, nothing definitive has been agreed upon.

Local equities declined as investors took profit after a three-day rally and awaited the third State of the Nation Address of President Marcos, Jr. The local market also weighed the withdrawal of US President Joe Biden from the presidential race. The PSEi closed at 6,712.05 (-1.17% DoD).

Local fixed income yields slightly rose ahead of the State of the Nation Address. On average, yields rose by 0.32 bps, with the 2Y closing at 6.07% (+0.49 bps) and the 10Y closing at 6.26% (+1.35 bps).

The **Philippine peso** slightly weakened as investors turned cautious after US President Joe Biden's withdrawal from the 2024 presidential race. The USD/PHP pair closed at 58.38 (+0.08% DoD).

European Central Bank policymaker Peter Kazimir sees up to two more rate cuts this year if data justified them. Kazimir also noted that the financial markets are pricing in 2 more cuts this year, but that it should not be taken as a baseline scenario.

The People's Bank of China (PBOC) cut its benchmark lending rates by 10 bps, bringing the one-year loan prime rate (LPR) to 3.35% and the five-year LPR to 3.85%. Additionally, the PBOC also reduced its seven-day reverse repo rate and its standing lending facility (SLF) rate by the same amount to spur economic growth.

US equities climbed amid the recovery of tech shares. Investors also kept an eye on the US political landscape after President Biden exited the presidential race. The S&P 500 closed at 5,564.41 (+1.08% DoD) and the DJIA closed at 40,415.44 (+0.32% DoD).

US Treasury yields rose as investors digested the recent political developments in the US. Investors also looked ahead of the US economic growth and inflation data releases later this week. On average, yields rose by 1.21 bps, with the 2Y closing at 4.52% (+0.40 bps) and the 10Y closing at 4.25% (+1.30 bps).

The **US dollar** slightly weakened as traders weighed the withdrawal of President Joe Biden from the presidential race and his endorsement of Kamala Harris. The DXY closed at 104.31 (-0.08% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,564.41	+1.08%
DJIA	40,415.44	+0.32%
3-mo US Treasury yield	5.33%	-0.80 bps
2-yr US Treasury yield	4.52%	+0.40 bps
10-yr US Treasury yield	4.25%	+1.30 bps
DXY	104.31	-0.08%

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