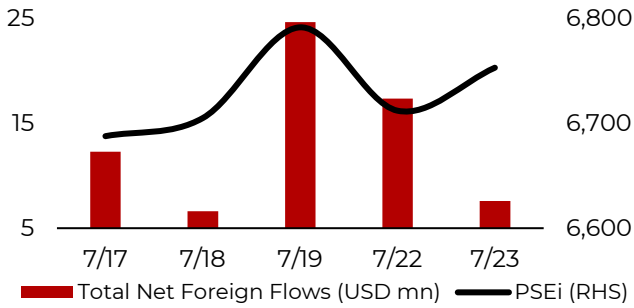


The Morning View

July 24, 2024

Philippine Stock Exchange Index

+0.61% DoD; Net foreign buying: \$7.58mn



| | Level | DoD |
|--------------------------|----------|-----------|
| PSEi | 6,753.12 | +0.61% |
| 3-mo bond yield | 5.74% | -1.14 bps |
| 2-yr bond yield | 6.07% | -0.27 bps |
| 10-yr bond yield | 6.27% | +0.74 bps |
| USDPHP | 58.44 | +0.09% |
| Oil (Brent, \$ / barrel) | 81.01 | -1.69% |

Department of Finance Secretary Ralph Recto said that the country is on track for a policy rate cut this year due to cooling inflation, with the timing to be determined by the central bank. He also hoped for a 6% economic growth in 2Q24, driven by household consumption and government

Aboitiz Power Corp.'s (PSEi Ticker: AP) core net income declined to Php17.1 billion (-3.93% YoY). Management attributed the decline to the depreciation and interest costs of GNPowr Dinginin Ltd. Co.'s (GNPD) Unit 1 and Unit 2. Despite this, AP recognized operational growth from its core businesses.

Local equities rose as market sentiment was lifted by the improvement in the country's poverty incidence level. Investors also digested the latest State of the Nation Address of President Ferdinand Marcos, Jr. The PSEi closed at 6,753.12 (+0.61% DoD).

Local fixed income yields rose as the Bureau of the Treasury reissued 20-year bonds. On average, yields rose by 0.37 bps, with the 2Y closing at 6.07% (-0.27 bps) and the 10Y closing at 6.27% (+0.74 bps).

The **Philippine peso** weakened following Finance Secretary Recto's comment that the Philippines is on track for policy easing later this year. The USD/PHP pair closed at 58.44 (+0.09% DoD).

A Reuters/Ipsos poll shows Vice President Kamala Harris with a two-percentage-point lead over Trump. This is higher than the two-percentage-point deficit President Biden had over Trump. Polls estimate Harris getting 44% of votes, while Trump gets 42%.

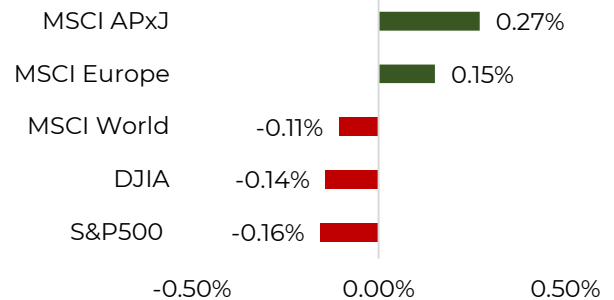
European Central Bank (ECB) Vice President Luis de Guindos indicated that a possible interest rate cut might be considered in September. He emphasized that the ECB's new projections are crucial in shaping their decision. Based on the June estimates, the ECB forecasts inflation to decline to 2.0% by the last quarter of 2025, underscoring a gradual return to the target rate.

US equities dropped as investors weighed the mixed second quarter results of Alphabet and Tesla, which kicked off the earnings reports of the Magnificent Seven companies. The S&P 500 closed at 5,555.74 (-0.16% DoD) and the DJIA closed at 40,358.09 (-0.14% DoD).

US Treasury yields inched down ahead of the release of the June US Personal Consumption Expenditures (PCE) inflation report. Bloomberg consensus expects PCE inflation to ease to 2.4% in June from 2.6% in May. On average, yields fell by 0.82 bps, with the 2Y closing at 4.49% (-2.60 bps) and the 10Y closing at 4.25% (-0.10 bps).

The **US dollar** slightly strengthened as traders positioned ahead of the US June PCE inflation data release later this Friday. The DXY closed at 104.45 (+0.13% DoD).

Global Stock Indices



| | Level | DoD |
|-------------------------|-----------|-----------|
| S&P 500 | 5,555.74 | -0.16% |
| DJIA | 40,358.09 | -0.14% |
| 3-mo US Treasury yield | 5.31% | -2.40 bps |
| 2-yr US Treasury yield | 4.49% | -2.60 bps |
| 10-yr US Treasury yield | 4.25% | -0.10 bps |
| DXY | 104.45 | +0.13% |

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