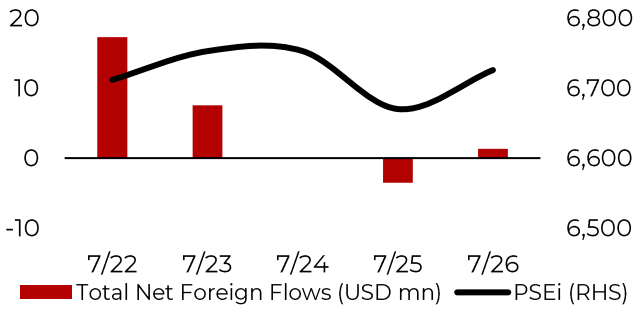


# The Morning View

July 29, 2024

## Philippine Stock Exchange Index

+0.84% DoD; Net foreign buying: \$1.35mn



	Level	DoD
PSEi	6,726.01	+0.84%
3-mo bond yield	5.73%	-2.03 bps
2-yr bond yield	6.04%	-3.22 bps
10-yr bond yield	6.28%	+0.05 bps
USDPHP	58.35	-0.15%
Oil (Brent, \$ / barrel)	81.13	-1.51%

**The Department of Budget and Management (DBM) reported that infrastructure spending reached Php136.4 billion in May, up by 31.4% YoY.** The increase was mainly attributed to the significant disbursements of the Department of Public Works and Highways for the construction of roads, bridges, flood control structures, hospitals and multi-purpose buildings.

**PLDT, Inc. (PSEi Ticker: TEL) said it is nearing an agreement on the sale of its data center business, ePLDT, Inc.** Earlier, TEL announced selling 49% of ePLDT, Inc. to Japan's Nippon Telegraph and Telephone, which valued its data center at \$1 billion.

**Local equities** rebounded amid improved market sentiment after Typhoon Carina left the Philippine area of responsibility. Investors also awaited the release of the US June Personal Consumption Expenditure (PCE) report overnight. The PSEi closed at 6,726.01 (+0.84% DoD).

**Local fixed income yields** were mixed but fell on average ahead of key US inflation data. On average, yields fell by 1.13 bps, with the 2Y closing at 6.04% (-3.22 bps) and the 10Y closing at 6.28% (+0.05 bps).

The **Philippine peso** strengthened ahead of the release of key inflation data in the US. The USD/PHP pair closed at 58.35 (-0.15% DoD).

**European Central Bank (ECB) Board Member Isabel Schnabel says sticky services inflation shows that the fight against inflation remains a tough "last mile."** However, she still sees inflation trending to 2% over the course of next year and that the ECB's pace of rate cuts will depend on the data.

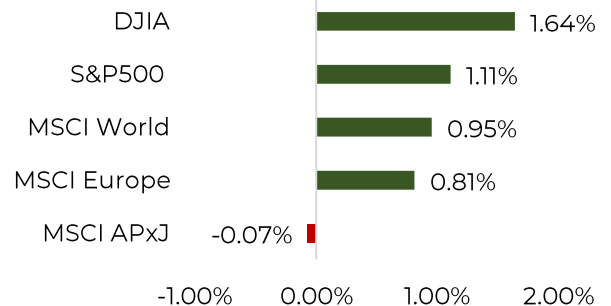
**US personal consumption expenditures (PCE) inflation slowed to 2.5% YoY in June (May: 2.6%), in line with expectations.** Meanwhile, core PCE, the Fed's preferred inflation gauge, was steady at 2.6% YoY, but higher than the 2.5% consensus. On a MoM basis, PCE and core PCE rose by 0.1% and 0.2%, respectively.

**US equities** jumped as investors cheered the cooling PCE inflation print in June, which boosted the expectations of a Fed rate cut in September. This was also ahead of a slew of earnings reports and the Fed's policy meeting this week. The S&P 500 closed at 5,459.10 (+1.11% DoD) and the DJIA closed at 40,589.34 (+1.64% DoD).

**US Treasury yields** fell following the release of the US PCE inflation print which eased to 2.5% in June, boosting bets of a September Fed rate cut. On average, yields fell by 3.72 bps, with the 2Y closing at 4.39% (-5.00 bps) and the 10Y closing at 4.20% (-4.70 bps).

The **US dollar** slightly weakened as traders digested the slower US PCE inflation data which bolstered hopes of September Fed rate cut. The DXY closed at 104.32 (-0.04% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,459.10	+1.11%
DJIA	40,589.34	+1.64%
3-mo US Treasury yield	5.30%	-1.30 bps
2-yr US Treasury yield	4.39%	-5.00 bps
10-yr US Treasury yield	4.20%	-4.70 bps
DXY	104.32	-0.04%

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