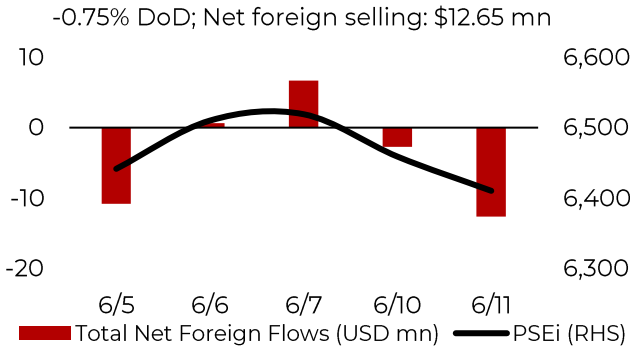


The Morning View

June 13, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,410.07	-0.75%
3-mo bond yield	5.67%	-1.93 bps
2-yr bond yield	6.28%	+0.09 bps
10-yr bond yield	6.73%	+1.81 bps
USDPHP	58.68	-0.19%
Oil (Brent, \$ / barrel)	82.60	+0.83%

The Philippine Statistics Authority (PSA) reported a PH trade deficit of \$4.76 billion in April, down by 1.5% YoY but marking the widest gap in five months. This was driven by double-digit growth in both exports and imports. For the 4M24 period, the country's trade gap narrowed by 15.7% YoY to \$16.27 billion.

Maynilad Water Services, Inc. has started preparations for an Initial Public Offering (IPO) as early as 2026. This is in line with the law that requires Maynilad to conduct an IPO of at least 30% of its outstanding capital stock by January 2027.

Local equities fell after the International Monetary Fund (IMF) slashed its 2024 economic growth forecast for the Philippines from 6.2% to 6.0%. This was also ahead of the Independence day holiday and the US Fed's policy decision. Last Tuesday, the PSEi closed at 6,410.07 (-0.75% DoD).

Local fixed income yields were flat last Tuesday ahead of the Federal Open Market Committee's policy meeting. On average, yields rose by 0.08 bps, with the 2Y closing at 6.28% (+0.09 bps) and the 10Y closing at 6.73% (+1.81 bps)

The **Philippine peso** strengthened last Tuesday ahead of the US Federal Reserve's policy rate decision and the release of US Consumer Price Index (CPI) report for May. The USD/PHP pair closed at 58.68 (-0.19% DoD).

The US Federal Reserve kept its key policy rate steady at the 5.25-5.50% range. Fed Chair Powell noted that rates may remain unchanged until there is a more definitive decline in inflation or a rise in unemployment. The Fed also revised its projections to only one 25-bp cut this year and four cuts in 2025.

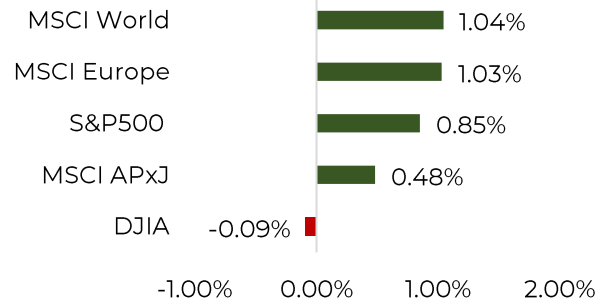
US CPI inflation remained unchanged at 3.3% YoY (consensus: 3.4%) in May as lower goods and gasoline prices offset rising rental costs. Meanwhile, core inflation rose by 3.4% YoY (consensus: 3.5%) with rents climbing 5.3% YoY.

US equities closed mixed as investor sentiment was lifted by the cooler-than-expected May inflation print but was weighed down by the Fed's projection of only one 25-bp policy rate cut for this year. The S&P 500 closed at a fresh high of 5,421.03 (+0.85% DoD) and the DJIA closed at 38,712.21 (-0.09% DoD).

US Treasury yields declined as investors cheered the slower-than-expected US CPI reading for May. This was also after the Fed kept rates unchanged in its latest policy meeting. On average, yields fell by 6.20 bps, with the 2Y closing at 4.75% (-8.40 bps) and the 10Y closing at 4.32% (-8.80 bps).

The **US dollar** weakened following the lower-than-expected US inflation print for May. The DXY closed at 104.65 (-0.56% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,421.03	+0.85%
DJIA	38,712.21	-0.09%
3-mo US Treasury yield	5.40%	+2.30 bps
2-yr US Treasury yield	4.75%	-8.40 bps
10-yr US Treasury yield	4.32%	-8.80 bps
DXY	104.65	-0.56%