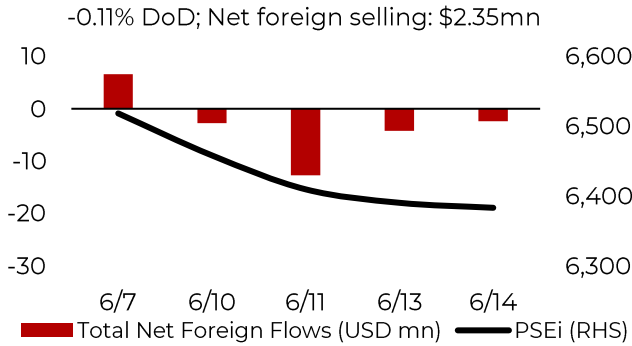


# The Morning View

June 18, 2024

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,383.70	-0.11%
3-mo bond yield	5.67%	-0.44 bps
2-yr bond yield	6.29%	-0.46 bps
10-yr bond yield	6.70%	-2.21 bps
USDPHP	58.65	+0.12%
Oil (Brent, \$ / barrel)	84.25	+1.97%

As of June 14, 2024

**Federal Reserve Bank of Philadelphia President Patrick Harker believes that only one rate cut would be appropriate by year-end.** This is anchored on his base-case scenario of slowing but above-trend economic growth, an uptick in the jobless rate, and gradual easing of inflation back to the 2% target.

**The People's Bank of China (PBOC) maintained the interest rate on its one-year medium-term lending facility (MLF) at 2.5%.** This decision was part of rolling over 125 billion yuan (\$17.28 billion) in maturing loans without introducing new liquidity into the banking system.

**US equities** climbed amid the rally of big tech stocks. This was also ahead of the retail sales report and the speeches of several Fed officials this week. The S&P 500 closed at 5,473.23 (+0.77% DoD) and the DJIA closed at 38,778.10 (+0.49% DoD).

**US Treasury yields** rose as investors weighed Minneapolis Fed President Kashkari's remark that the Fed would not cut rates until December. On average, yields rose by 4.41 bps, with the 2Y closing at 4.77% (+6.10 bps) and the 10Y closing at 4.28% (+6.00 bps).

The **US dollar** weakened as easing political jitters in France lifted the euro. Traders also positioned ahead of the release of key US retail sales data. The DXY closed at 105.32 (-0.22% DoD).

**The Bangko Sentral ng Pilipinas (BSP) reported a 3.1% YoY rise in Overseas Filipino Workers' (OFW) cash remittances to \$2.56 billion in April.** From the January to April period, cash remittances grew by 2.8% YoY to \$10.78 billion. The growth primarily came from the United States, Saudi Arabia, and Singapore.

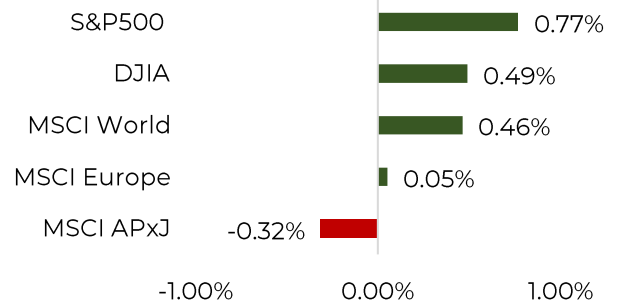
**Maynilad Water Services Inc. partners with Manila Electric Co.'s (PSEi Ticker: MER) local retail supply arm MPower to increase the use of renewable energy (RE) in its operations.** Maynilad said that it aims to raise its RE use by 30% next year and 40% by 2027.

**Local equities** declined amid cautious sentiment over the uncertainty on the direction of interest rates. This was after Finance Secretary Recto said that the BSP may only ease monetary policy after the US Federal Reserve's first cut. Last Friday, the PSEi closed at 6,383.70 (-0.11% DoD).

**Local fixed income yields** fell as investors continued to weigh the US Fed's guidance of only one 25-bp rate cut this year and Finance Secretary Recto's comment that the BSP may not cut ahead of the US Fed. On average, yields fell by 0.69 bps, with the 2Y closing at 6.29% (-0.46 bps) and the 10Y closing at 6.70% (-2.21 bps).

The **Philippine peso** slightly weakened after the US Fed signaled only one 25-bp rate cut this year. The USD/PHP pair closed at 58.65 (+0.12% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,473.23	+0.77%
DJIA	38,778.10	+0.49%
3-mo US Treasury yield	5.39%	+0.20 bps
2-yr US Treasury yield	4.77%	+6.10 bps
10-yr US Treasury yield	4.28%	+6.00 bps
DXY	105.32	-0.22%

As of June 17, 2024

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