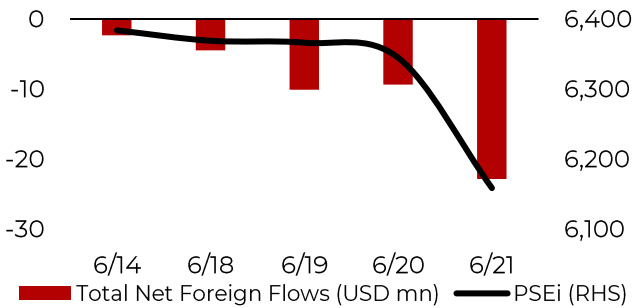


The Morning View

June 24, 2024

Philippine Stock Exchange Index

-2.93% DoD; Net foreign selling: \$22.85mn



| | Level | DoD |
|--------------------------|----------|-----------|
| PSEi | 6,158.48 | -2.93% |
| 3-mo bond yield | 5.70% | +2.51 bps |
| 2-yr bond yield | 6.27% | -0.56 bps |
| 10-yr bond yield | 6.70% | -0.30 bps |
| USDPHP | 58.80 | +0.03% |
| Oil (Brent, \$ / barrel) | 85.24 | -0.55% |

President Ferdinand Marcos Jr. signed Executive Order (EO) 62 which will adjust import duties on rice and other select products until 2028. Rice tariffs will be reduced from 35% to 15%. Likewise, the EO will also lower tariffs on pork, corn, and other items upon effectivity.

San Miguel Corporation (PSEi Ticker: SMC) will likely start the construction of its Php95-billion Pasig River Expressway (PAREX) project next year once it gets an environmental compliance certificate. SMC has yet to submit its target construction date as it is currently securing all permits required.

Local equities dropped to its lowest level for the year as the weak peso and net foreign selling weighed down on market sentiment. This was also ahead of the BSP's policy meeting this week. The PSEi closed at 6,158.48 (-2.93% DoD).

Local fixed income yields were mixed ahead of the BSP's Monetary Board meeting this week. On average, yields rose by 0.39 bps, with the 2Y closing at 6.27% (-0.56 bps) and the 10Y closing at 6.70% (-0.30 bps).

The **Philippine peso** weakened to a near 20-month low amid broad US dollar strength as supported by the Fed's hawkish stance. This was also ahead of the US manufacturing and services activity data. The USD/PHP pair closed at 58.80 (+0.03% DoD).

Japan's Vice Finance Minister Kanda said that the government is ready to intervene in the FX market if needed in the event of excessive speculation. Japan acknowledged that it spent JPY9.8 trillion between April 26 and May 29 to intervene in the currency markets.

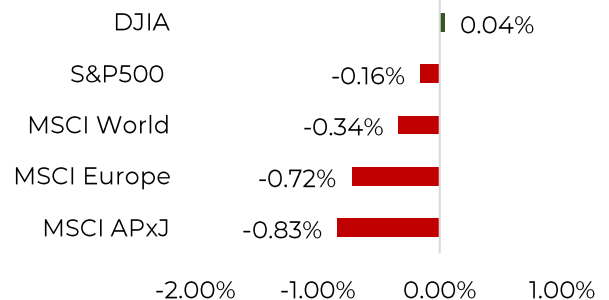
US S&P Composite Purchasing Managers' Index (PMI) rose to a 26-month high of 54.6 in June. Markets initially expected a slowdown in activity to 53.5 from 54.5 in May. Both the manufacturing and services sectors showed more-than-expected growth.

US equities ended mixed as chip stocks pulled back after Nvidia retreated from its all-time high last week. Investors also digested the stronger-than-expected S&P Composite PMI. The S&P 500 closed at 5,464.62 (-0.16% DoD) and the DJIA closed at 39,150.33 (+0.04% DoD).

US Treasury yields inched down as investors digested the US' existing home sales data which dropped by 0.7% MoM in May. On average, yields fell by 0.12 bps, with the 2Y closing at 4.74% (-0.50 bps) and the 10Y closing at 4.26% (-0.40 bps).

The **US dollar** strengthened after the release of stronger-than-anticipated US PMI data. The DXY closed at 105.80 (+0.20% DoD).

Global Stock Indices



| | Level | DoD |
|-------------------------|-----------|-----------|
| S&P 500 | 5,464.62 | -0.16% |
| DJIA | 39,150.33 | +0.04% |
| 3-mo US Treasury yield | 5.37% | -1.00 bps |
| 2-yr US Treasury yield | 4.74% | -0.50 bps |
| 10-yr US Treasury yield | 4.26% | -0.40 bps |
| DXY | 105.80 | +0.20% |

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