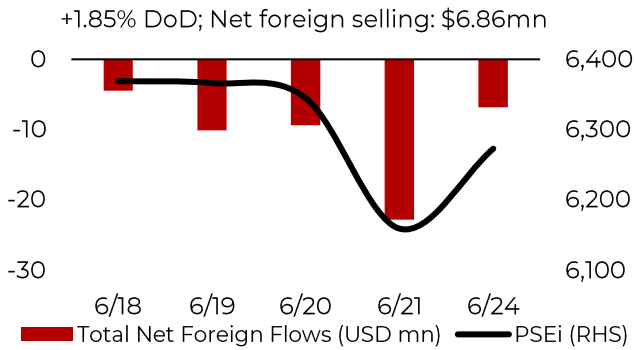


The Morning View

June 25, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,272.46	+1.85%
3-mo bond yield	5.73%	+2.80 bps
2-yr bond yield	6.27%	-0.05 bps
10-yr bond yield	6.70%	+0.30 bps
USDPHP	58.80	0.00%
Oil (Brent, \$ / barrel)	86.01	+0.90%

S&P Global Ratings trimmed its Gross Domestic Product (GDP) growth forecast for the Philippines by 10 bps to 5.8% for 2024 and 6.1% for 2025. This was on the back of slowing household consumption as rates potentially remain higher for longer. Nonetheless, S&P Global projects the Philippines to be the second-fastest growing economy in the Asia-Pacific region.

Globe Telecom, Inc. (PSEi Ticker: GLO) is close to finalizing its tower sales to Phil-Tower Consortium, Inc. (Philtower). Philtower's total acquisitions currently amounts to 1,148 towers out of the planned 1,350. The proceeds will be used to fund GLO's future capital expenditures and refinance its current debt.

Local equities rebounded amid investors' bargain-hunting, ending an eight-day decline. Moreover, market sentiment was lifted by the increase in national infrastructure spending by 36% YoY in April. The PSEi closed at 6,272.46 (+1.85% DoD).

Local fixed income yields rose ahead of the Bangko Sentral ng Pilipinas' (BSP) Monetary Board meeting. On average, yields rose by 0.62 bps, with the 2Y closing at 6.27% (-0.05 bps) and the 10Y closing at 6.70% (+0.30 bps).

The **Philippine peso** was flat as investors stayed on the sidelines ahead of the BSP policy meeting later this week. The USD/PHP pair closed at 58.80 (0.00% DoD).

European Central Bank Executive Board member Isabel Schnabel downplays the likelihood that interest rates in the euro zone will diverge significantly from the US. Schnabel sees both central banks facing similar inflation issues, leaving little room for divergence.

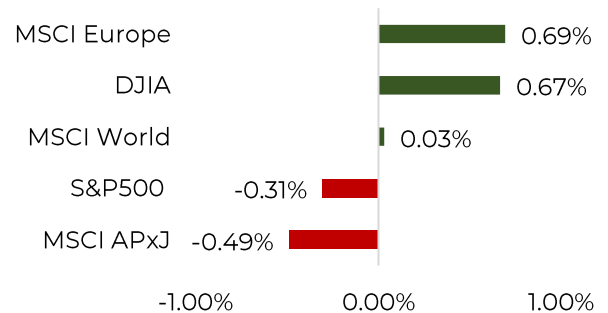
San Francisco Fed President Mary Daly emphasized the importance of cautious monetary policy, highlighting that inflation is not the only risk to consider. She said that policy must be 'conditional', maintaining rates longer if inflation persists or cutting them if the labor market weakens unexpectedly.

US equities closed mixed amid the sell-off in big technology names in favor of other sectors such as banks and energy. The S&P 500 closed at 5,447.87 (-0.31% DoD) and the DJIA closed at 39,411.21 (+0.67% DoD).

US Treasury yields fell ahead of the release of the US Personal Consumption Expenditures (PCE) report. Bloomberg consensus expects core PCE inflation to ease to 2.6% in May from 2.8% in April. On average, yields fell by 1.55 bps, with the 2Y closing at 4.73% (-0.80 bps) and the 10Y closing at 4.23% (-2.50 bps).

The **US dollar** weakened ahead of the US PCE print. Investors also looked at a possible intervention of the Japanese government to the weak yen. The DXY closed at 105.47 (-0.31% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,447.87	-0.31%
DJIA	39,411.21	+0.67%
3-mo US Treasury yield	5.36%	-1.40 bps
2-yr US Treasury yield	4.73%	-0.80 bps
10-yr US Treasury yield	4.23%	-2.50 bps
DXY	105.47	-0.31%

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