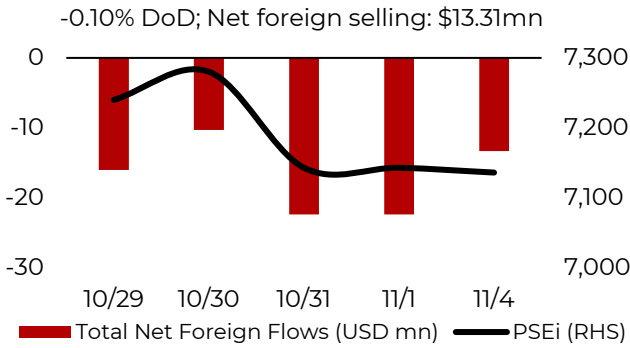


The Morning View

November 5, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	7,136.10	-0.10%
3-mo bond yield	5.40%	+7.66 bps
2-yr bond yield	5.65%	+1.06 bps
10-yr bond yield	5.88%	+0.14 bps
USDPHP	58.34	+0.41%
Oil (Brent, \$ / barrel)	75.08	+2.71%

The S&P Global Philippine Manufacturing Purchasing Managers' Index came in at 52.9 in October (September: 53.7). This marks the 14th straight month of expansion albeit at a slower pace, as growth in new orders and output slightly eased and cost pressures increased for the month.

Manila Electric Company's (PSE Ticker: MER) fifth regulatory period (5RP) will be reviewed by the Energy Regulatory Commission (ERC). The recently reinstated ERC Chairperson Monalisa Dimalanta remarked that the ERC voted 3-2 considering Meralco's 5RP reset as a lapsed period.

Local equities declined as investors stayed on the sidelines ahead of key local economic data releases this week, including the 3Q24 gross domestic product (GDP) growth and October inflation figure. The PSEi closed at 7,136.10 (-0.10% DoD).

Local fixed income yields inched up as investors remained cautious ahead of the release of the October PH inflation print and US presidential election results. On average, yields rose by 1.84 bps, with the 2Y closing at 5.65% (+1.06 bps) and the 10Y closing at 5.88% (+0.14 bps).

The **Philippine peso** weakened ahead of the US presidential election results and amid expectations of a faster October local inflation. The USD/PHP pair closed at 58.34 (+0.41% DoD).

US factory orders fell by 0.5% MoM in September (August: -0.8%), in line with expectations and marking its fourth straight month of decline. The drop in September was largely due to a decrease in civilian airplane orders.

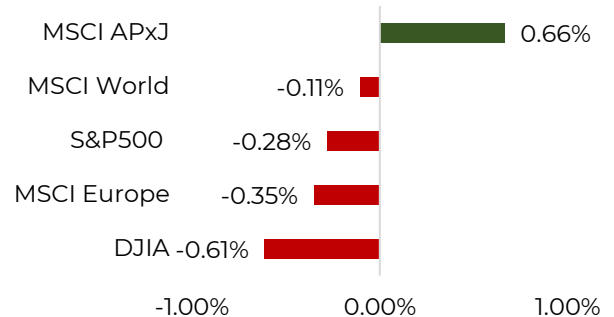
HCOB's final Euro zone manufacturing Purchasing Managers' Index rose to 46.0 in October (September: 45.9) as production dropped at a slower pace. The below-50 reading indicates a contraction in manufacturing activities and marks the 28th straight month of contraction for the Euro zone.

US equities fell amid the decline in utility, financials, and healthcare stocks. Investors also positioned ahead of the US elections and the Fed's policy meeting later this week. The S&P 500 closed at 5,712.69 (-0.28% DoD) and the DJIA closed at 41,794.60 (-0.61% DoD).

US Treasury yields declined on muted trading amid uncertainty surrounding the US election results and the Fed's November policy meeting. On average, yields fell by 6.67 bps, with the 2Y closing at 4.16% (-4.80 bps) and the 10Y closing at 4.29% (-9.90 bps).

The **US dollar** weakened as investors pulled back on bets of a Trump win in the US elections. This was also ahead of the Fed's policy meeting this week. The DXY closed at 103.89 (-0.38% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,712.69	-0.28%
DJIA	41,794.60	-0.61%
3-mo US Treasury yield	4.53%	+0.20 bps
2-yr US Treasury yield	4.16%	-4.80 bps
10-yr US Treasury yield	4.29%	-9.90 bps
DXY	103.89	-0.38%

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