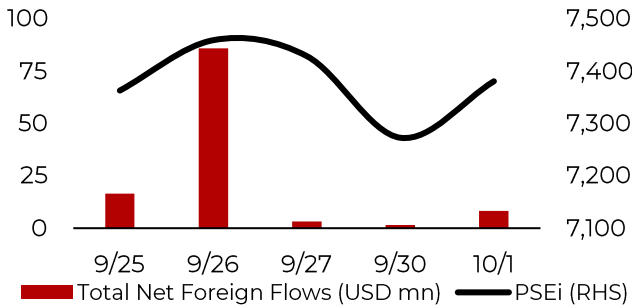


The Morning View

October 2, 2024

Philippine Stock Exchange Index

+1.48% DoD; Net foreign buying: \$8.25mn



	Level	DoD
PSEi	7,380.32	+1.48%
3-mo bond yield	5.22%	-1.40 bps
2-yr bond yield	5.46%	-3.79 bps
10-yr bond yield	5.64%	-9.34 bps
USDPHP	56.15	+0.21%
Oil (Brent, \$ / barrel)	73.56	+2.49%

The Bangko Sentral ng Pilipinas (BSP) forecasts that September inflation likely settled within the 2.0-2.8% range. This is on the back of favorable base effects, lower prices of food commodities including rice, and lower domestic oil prices. Meanwhile, Bloomberg median consensus estimates inflation to settle at 2.5%.

Aboitiz Power Corp. (PSE Ticker: AP) leads Manila Electric Co.'s (PSE Ticker: MER) bid for a 400-megawatt (MW) supply contract. AP's GNPowr Dinginin Ltd. Co. offered to supply the 400-MW mid-merit requirement at Php7.6816 per kilowatt-hour during Tuesday's bid opening.

Local equities rebounded after two straight days of profit-taking amid a strong July manufacturing Purchasing Managers' Index data and expectations of a slower September inflation print. The PSEi closed at 7,380.32 (+1.48% DoD).

Local fixed income yields declined as investors digested the BSP's forecast that local inflation likely further eased in September. On average, yields fell by 1.76 bps, with the 2Y closing at 5.46% (-3.79 bps) and the 10Y closing at 5.64% (-9.34 bps).

The **Philippine peso** weakened following the escalating conflict in the Middle East as well as Fed Chair Powell's cautious remarks pushing back against bets of sizable interest rate cuts. The USD/PHP pair closed at 56.15 (+0.21% DoD).

US job openings rose by 329,000 to 8.04 million in August (July: revised 7.71 million), rebounding after two straight monthly decreases. The increase can be attributed to higher vacancies in construction and the government. In August, there were 1.13 job openings for every unemployed person (July: 1.08).

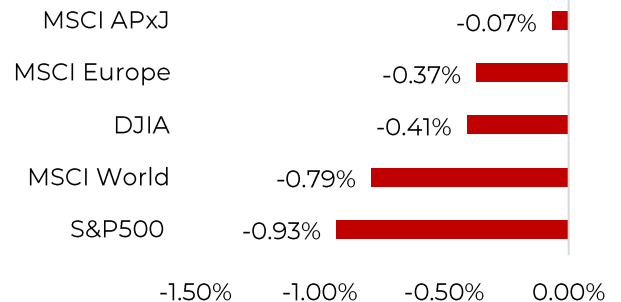
US Institute for Supply Management (ISM) manufacturing purchasing managers' index (PMI) was steady at 47.2 in August. The below-50 reading indicates a contraction in the manufacturing sector, accounting for 10.3% of the economy. The drag was attributed to continued layoffs and attrition in the industry.

US equities fell as investors shifted away from riskier assets amid concerns over escalating Middle East geopolitical tensions after Iran's missile strike on Israel. The S&P 500 closed at 5,708.75 (-0.93% DoD) and the DJIA closed at 42,156.97 (-0.41% DoD).

US Treasury yields dropped amid safe-haven demand driven by the rising geopolitical tensions in the Middle East. On average, yields fell by 3.90 bps, with the 2Y closing at 3.61% (-3.50 bps) and the 10Y closing at 3.73% (-5.00 bps).

The **US dollar** strengthened as the rebound in job openings reinforced the resilience of the US jobs market. Moreover, the escalating tensions in the Middle East also boosted safe-haven demand. The DXY closed at 101.19 (+0.41% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,708.75	-0.93%
DJIA	42,156.97	-0.41%
3-mo US Treasury yield	4.59%	-5.10 bps
2-yr US Treasury yield	3.61%	-3.50 bps
10-yr US Treasury yield	3.73%	-5.00 bps
DXY	101.19	+0.41%

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