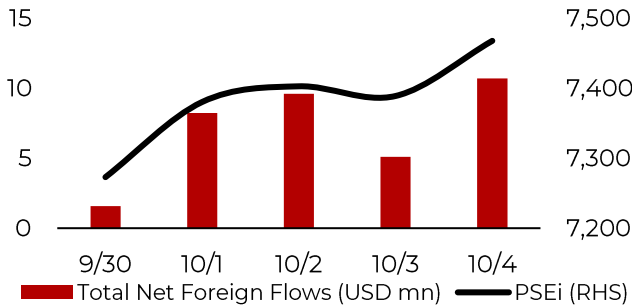


The Morning View

October 7, 2024

Philippine Stock Exchange Index

+1.07% DoD; Net foreign buying: \$10.70mn



	Level	DoD
PSEi	7,467.92	+1.07%
3-mo bond yield	5.12%	+1.11 bps
2-yr bond yield	5.49%	+2.27 bps
10-yr bond yield	5.76%	+4.16 bps
USDPHP	56.30	-0.13%
Oil (Brent, \$ / barrel)	78.05	+0.55%

The **Philippine Statistics Authority (PSA)** reported that the local headline inflation decelerated to 1.9% YoY in September (August: 3.3%; Bloomberg consensus: 2.5%). The decline is attributed to slower rice inflation, drop in fuel prices, and favorable base effects. This month's reading marked the slowest inflation rate since May 2020 and brought the year-to-date average to 3.4%.

Aboitiz Equity Ventures, Inc. (PSE: AEV) expressed interest in managing and operating **Davao International Airport**. The Php4.5-billion airport is expected to serve 3.9 million passengers once operational. Currently, the government is not accepting unsolicited offers for the airport.

Local equities climbed as investors cheered the slower-than-expected September inflation print, which eased below 2% for the first time in four years. The PSEi closed at 7,467.92 (+1.07% DoD).

Local fixed income yields rose, despite the lower local inflation print, as investors weighed the recent uptick in oil prices amid mounting Middle East Tensions. This was also ahead of the US jobs report release. On average, yields rose by 2.86 bps, with the 2Y closing at 5.49% (+2.27 bps) and the 10Y closing at 5.76% (+4.16 bps).

The **Philippine peso** strengthened as traders digested the over four-year low local inflation print of 1.9% in September. The USD/PHP pair closed at 56.30 (-0.13% DoD).

US nonfarm payrolls increased by 254,000 in September (Aug: 142,000), the most gains since March. Additionally, US unemployment rate fell to 4.1% in the same period (Aug: 4.2%) which underscored the resilience of the US labor market.

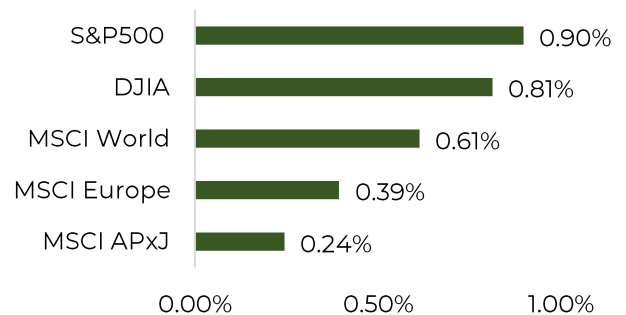
Chicago Federal Reserve President Austan Goolsbee said that the September jobs report is "superb," and that more reports like this could boost his confidence that the US economy is in good shape. He also added that it would be appropriate for the Fed to further bring down rates over the next 12 to 18 months.

US equities rose as jobs data showed a strong and resilient labor market for the month of September, which eased concerns of a potential economic slowdown in the US. The S&P 500 closed at 5,751.07 (+0.90% DoD) and the DJIA closed at 42,352.75 (+0.81% DoD).

US Treasury yields soared as investors digested the stronger-than-expected nonfarm payrolls report in September, which could prompt smaller rate cuts from the US Federal Reserve. On average, yields rose by 10.97 bps, with the 2Y closing at 3.93% (+21.90 bps) and the 10Y closing at 3.97% (+12.10 bps).

The **US dollar** strengthened to a seven-week high after the upbeat jobs report tempered bets of larger Fed rate cuts. The DXY closed at 102.52 (+0.52% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,751.07	+0.90%
DJIA	42,352.75	+0.81%
3-mo US Treasury yield	4.63%	+3.50 bps
2-yr US Treasury yield	3.93%	+21.90 bps
10-yr US Treasury yield	3.97%	+12.10 bps
DXY	102.52	+0.52%

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