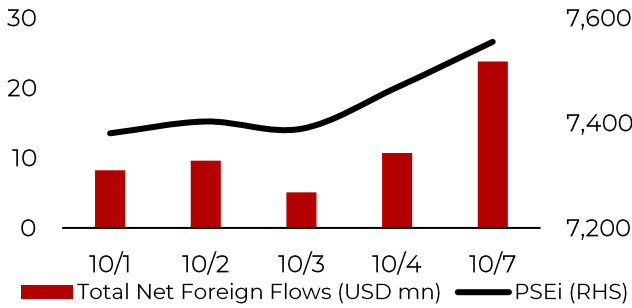


# The Morning View

October 8, 2024

## Philippine Stock Exchange Index

+1.16% DoD; Net foreign buying: \$23.80mn



	Level	DoD
PSEi	7,554.68	+1.16%
3-mo bond yield	5.26%	+14.66 bps
2-yr bond yield	5.56%	+6.94 bps
10-yr bond yield	5.90%	+14.57 bps
USDPHP	56.83	+0.94%
Oil (Brent, \$ / barrel)	81.14	+3.96%

The **Bangko Sentral ng Pilipinas (BSP)** reported that the **Philippines' gross international reserves (GIR) rose by 3.8% MoM (+14.2% YoY) to an all-time high of \$112.0 billion as of end-September**. The increase was driven by the proceeds from the government's issuance of global bonds.

**JG Summit Holdings, Inc.'s (PSE: JGS) Php1.75-billion acquisition of AirSWIFT was formalized on Monday**. AirSWIFT will be acquired through JGS' low-cost airline arm, Cebu Pacific (PSE: CEB). The acquisition is expected to expand CEB's reach in the domestic market by catering to the premium customer segment.

**Local equities** surged as investors continued to digest the slower local inflation print, which has strengthened the case of another BSP rate cut. Investors also assessed the September US jobs report which showed a resilient labor market. The PSEi closed at 7,554.68 (+1.16% DoD).

**Local fixed income yields** ended higher after the stronger-than-expected US jobs report tempered bets of larger rate cuts from the US Fed. On average, yields rose by 12.65 bps, with the 2Y closing at 5.56% (+6.94 bps) and the 10Y closing at 5.90% (+14.57 bps).

The **Philippine peso** weakened to a seven-week low amid trimmed bets of a sizable Fed rate cut following the upbeat US labor data. The USD/PHP pair closed at 56.83 (+0.94% DoD).

**Brent Oil closed above \$80 per barrel as military conflicts in the Middle East intensify**. The surge was primarily driven by market's concerns that Israel may attack Iran's oil infrastructure. As of July 2024, Iran produces 3.35 million barrels of oil per day or approximately 12% of OPEC's total production for the month.

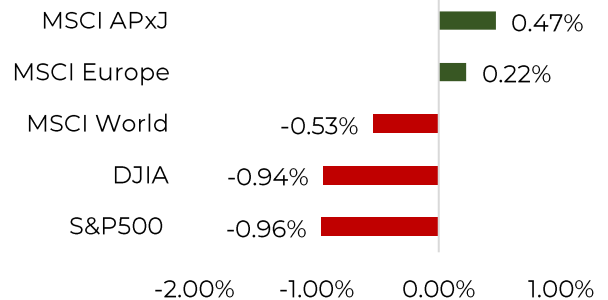
**St. Louis Fed President Alberto Musalem said that he sees more rate cuts ahead amid a healthy US economy but warns of the risk of overdoing policy easing**. While he expects inflation to ease further over the next few quarters, he highlighted that future policy moves will be determined by upcoming economic data.

**US equities** fell amid growing concerns over the Middle East conflict's impact on oil prices. Additionally, a court ruling requiring Google to overhaul its mobile-app business further dampened investor sentiment. The S&P 500 closed at 5,695.94 (-0.96% DoD) and the DJIA closed at 41,954.24 (-0.94% DoD).

**US Treasury yields** jumped as investors continued to digest the better-than-expected September nonfarm payrolls report, which tempered expectations of another large Fed rate cut. On average, yields rose by 5.32 bps, with the 2Y closing at 4.00% (+7.10 bps) and the 10Y closing at 4.03% (+5.90 bps).

The **US dollar** closed flat ahead of key US inflation data releases later this week. The DXY closed at 102.49 (-0.03% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,695.94	-0.96%
DJIA	41,954.24	-0.94%
3-mo US Treasury yield	4.66%	+2.50 bps
2-yr US Treasury yield	4.00%	+7.10 bps
10-yr US Treasury yield	4.03%	+5.90 bps
DXY	102.49	-0.03%

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