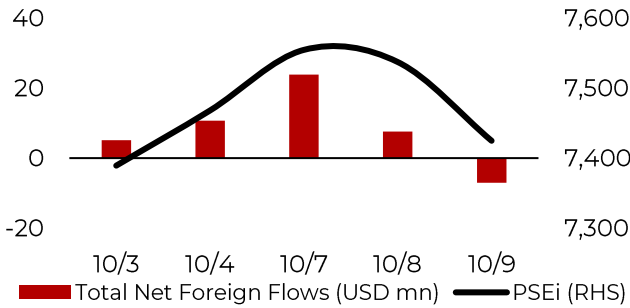


The Morning View

October 10, 2024

Philippine Stock Exchange Index

-1.50% DoD; Net foreign selling: \$7.06mn



Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona, Jr. said that inflation is now on a “target-consistent path,” which provides more room for further easing. He also noted that economic growth will likely settle within the government’s 6-7% target this year, driven by construction spending and timely implementation of government programs.

The merger between San Miguel Corp. (PSE Ticker: SMC) and Metro Pacific Tollways Corp. (MPTC) is expected to be finalized in October. MPTC President Singson said that the size of the merger will be approximately 50:50 including MPTC’s recent acquisition of Indonesian tollway assets.

Local equities fell as investors continued to take profit and awaited the release of US Consumer Price Index (CPI) data. The weaker peso and expectations of slower Fed rate cuts also dampened sentiment. The PSEi closed at 7,424.52 (-1.50% DoD).

Local fixed income yields dropped following dovish comments from BSP Governor Remolona and ahead of the US CPI release. On average, yields fell by 1.54 bps, with the 2Y closing at 5.58% (-0.31 bps) and the 10Y closing at 5.74% (-4.51 bps).

The **Philippine peso** weakened on the back of safe-haven demand amid the ongoing Middle East conflict and expectations of slower Fed rate cuts. The USD/PHP pair closed at 57.02 (+0.20% DoD).

	Level	DoD
PSEi	7,424.52	-1.50%
3-mo bond yield	5.10%	-3.29 bps
2-yr bond yield	5.58%	-0.31 bps
10-yr bond yield	5.74%	-4.51 bps
USDPHP	57.02	+0.20%
Oil (Brent, \$ / barrel)	76.58	-0.78%

US Fed minutes show that a “substantial majority” of Fed officials supported a 50-bp rate cut in September. Fed officials also said that the large cut would not imply a new pace on policy easing and should be seen more of as a “recalibration”.

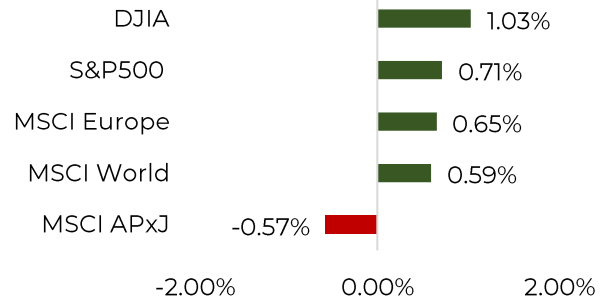
US wholesale inventories, a key part of Gross Domestic Product (GDP), rose by 0.1% MoM in August (July: +0.2%), down from the initial estimate of a 0.2% MoM gain. The downward revision was attributed to a slower pace of increase in motor vehicle inventories.

US equities climbed to a record high as technology stocks led the rally. Investors also digested the Federal Reserve’s meeting minutes which revealed that a “substantial majority” of officials backed a 50-bp rate cut in September. S&P 500 closed at 5,792.04 (+0.71% DoD) and the DJIA closed at 42,512.00 (+1.03% DoD).

US Treasury yields soared as investors digested the latest minutes of the Fed’s policy meeting and the ongoing Middle East tensions. This was also ahead of the release of the September CPI inflation print. On average, yields rose by 4.72 bps, with the 2Y closing at 4.03% (+6.60 bps) and the 10Y closing at 4.08% (+6.10 bps).

The **US dollar** strengthened to a two-month high amid rising expectations of smaller rate cuts from the Fed. This was also ahead of the September CPI print release. The DXY closed at 102.93 (+0.37% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,792.04	+0.71%
DJIA	42,512.00	+1.03%
3-mo US Treasury yield	4.66%	+2.20 bps
2-yr US Treasury yield	4.03%	+6.60 bps
10-yr US Treasury yield	4.08%	+6.10 bps
DXY	102.93	+0.37%

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