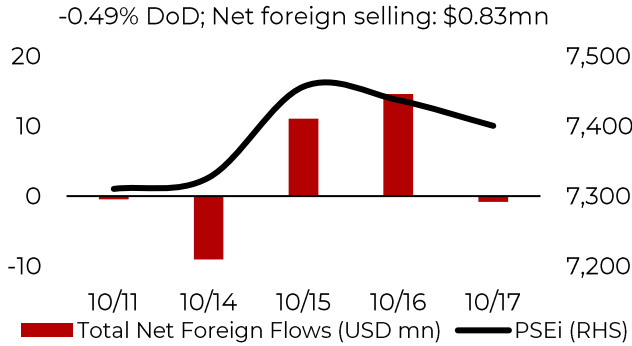


# The Morning View

October 18, 2024

## Philippine Stock Exchange Index



	Level	DoD
PSEi	7,400.33	-0.49%
3-mo bond yield	5.08%	+2.47 bps
2-yr bond yield	5.51%	-1.52 bps
10-yr bond yield	5.73%	+0.19 bps
USDPHP	57.80	+0.17%
Oil (Brent, \$ / barrel)	74.45	+0.31%

**The Department of Budget and Management (DBM) reported that it has released the entire 2024 national budget as of end-September.** The Status of Allotment Release report showed that Php5.83 trillion has been released, including the Php5.768-trillion budget and an additional Php65.17 billion in unprogrammed appropriations.

**SM Investments Corporation (PSE Ticker: SM) looks to expand in Clark Freeport and Special Economic Zone with Php2-billion worth of projects.** These projects will come in the form of a multi-modal transport terminal, a convention center, and multiple hotels.

**Local equities** fell amid profit-taking and cautious remarks from BSP Governor Remolona. All sectoral indices closed lower, except for financials, which gained 0.38%. The PSEi closed at 7,400.33 (-0.49% DoD).

**Local fixed income yields** were mixed as investors weighed BSP Governor Remolona's remark that rates could be cut further albeit at a gradual pace. On average, yields rose by 0.31 bps, with the 2Y closing at 5.51% (-1.52 bps) and the 10Y closing at 5.73% (+0.19 bps).

The **Philippine peso** weakened as expectations of another potential rate cut by the European Central Bank strengthened the greenback. The USD/PHP pair closed at 57.80 (+0.17% DoD).

**US retail sales grew by 0.4% MoM in September (Aug: 0.1%) driven by strong discretionary spending.** This was higher than street expectations of 0.3%. This underscored the resilience of the US economy and supported the market's sentiment of a smaller November rate cut.

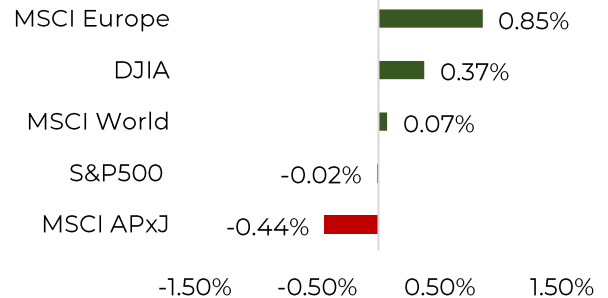
**Japan's core Consumer Price Index (CPI) inflation, which includes oil products but excludes fresh food prices, cooled to 2.4% YoY in September (August: 2.8%), the lowest in five months.** The slower print can be attributed to lower energy prices after the government rolled out fuel subsidies.

**US equities** were mixed on stronger-than-expected retail sales, and TSMC's upbeat forecast boosting chip stocks. Gains were capped by the decline in utilities and real estate stocks. The S&P 500 closed at 5,841.47 (-0.02% DoD) and the DJIA closed at 43,239.05 (+0.37% DoD).

**US Treasury yields** jumped as the above-consensus retail sales growth and the decline in weekly initial jobless claims supported expectations of slower Fed rate cuts ahead. On average, yields rose by 5.04 bps, with the 2Y closing at 3.97% (+3.20 bps) and the 10Y closing at 4.09% (+7.70 bps).

The **US Dollar** strengthened as upbeat retail sales data reinforced the US economy's resilience. The DXY closed at 103.77 (+0.17% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,841.47	-0.02%
DJIA	43,239.05	+0.37%
3-mo US Treasury yield	4.65%	+1.50 bps
2-yr US Treasury yield	3.97%	+3.20 bps
10-yr US Treasury yield	4.09%	+7.70 bps
DXY	103.77	+0.17%

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