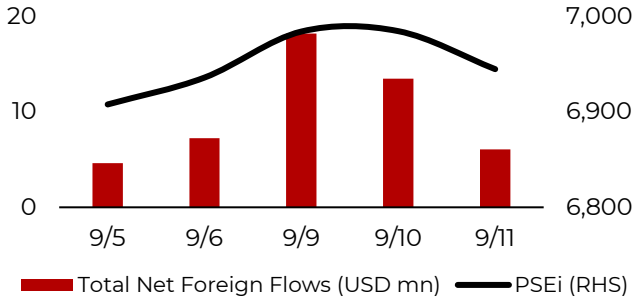


The Morning View

September 12, 2024

Philippine Stock Exchange Index

+0.01% DoD; Net foreign buying: \$6.08mn



The National Economic and Development Authority (NEDA) estimates that 2H24 gross domestic product (GDP) growth could be faster than the 6.0% average in 1H24 amid cooling inflation and reduced policy rates. NEDA Secretary Balisacan said there's a higher likelihood of achieving the government's 6-7% GDP growth for FY24 but cautioned against inflationary risks.

Manila Electric Co. (PSE Ticker: MER) will hike electricity rates by Php0.1543 to Php11.7882 per kilowatt hour (kWh) in September. MER attributed the rise to the higher transmission charges from the National Grid Corp. of the Philippines following the resumption of the reserve market's operations.

Local equities fell amid profit-taking after a four-day rally. Market sentiment was also dampened by the country's wider trade deficit in July. The PSEi closed at 6,944.88 (-0.57% DoD).

Local fixed income yields were mixed but rose on average ahead of US inflation data. Ahead of trading hours, US inflation settled at 2.5% YoY. On average, yields fell by 0.54 bps, with the 2Y closing at 6.01% (+0.13 bps) and the 10Y closing at 6.14% (+0.12 bps).

The **Philippine peso** strengthened ahead of the US inflation data release. Investors also monitored political developments in the US such as the presidential debate between Kamala Harris and Donald Trump. The USD/PHP pair closed at 55.98 (-0.73% DoD).

	Level	DoD
PSEi	6,944.88	-0.57%
3-mo bond yield	5.87%	+0.24 bps
2-yr bond yield	6.01%	+0.13 bps
10-yr bond yield	6.14%	+0.12 bps
USDPHP	55.98	-0.73%
Oil (Brent, \$ / barrel)	70.61	+2.05%

US consumer price index (CPI) inflation decelerated to 2.5% in August (July: 2.9%, consensus: 2.5%) amid slower increase in gasoline and food prices. Meanwhile, excluding the volatile food and energy prices, core CPI remained steady at 3.2% YoY in August, but rose MoM to 0.3% (July: 0.2%) as shelter costs continued to rise.

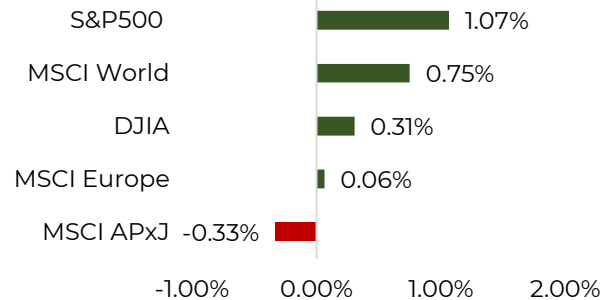
The UK economy stagnated for a second straight month in July amid a drop in manufacturing activity. The 0.1% uptick in the services sector helped offset the drop in manufacturing activity. Gross domestic product growth was flat at 0.0% in July, versus consensus expectation of 0.2%.

US equities closed higher as tech stocks rose, led by Nvidia. However, gains were capped by the faster-than-expected MoM core CPI inflation in August. The S&P 500 closed at 5,554.13 (+1.07% DoD) and the DJIA closed at 40,861.71 (+0.31% DoD).

US Treasury yields rose, despite the slower US headline CPI inflation print, as the quicker-than-expected monthly core CPI inflation reading of 0.3% tempered bets of a deeper Fed rate cut. On average, yields rose by 2.37 bps, with the 2Y closing at 3.64% (+4.60 bps) and the 10Y closing at 3.66% (+0.90 bps).

The **US dollar** slightly strengthened as traders weighed the higher-than-expected US core inflation print which dampened bets of a 50-bp rate cut. The DXY closed at 101.68 (+0.05% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,554.13	+1.07%
DJIA	40,861.71	+0.31%
3-mo US Treasury yield	5.01%	+3.10 bps
2-yr US Treasury yield	3.64%	+4.60 bps
10-yr US Treasury yield	3.66%	+0.90 bps
DXY	101.68	+0.05%

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