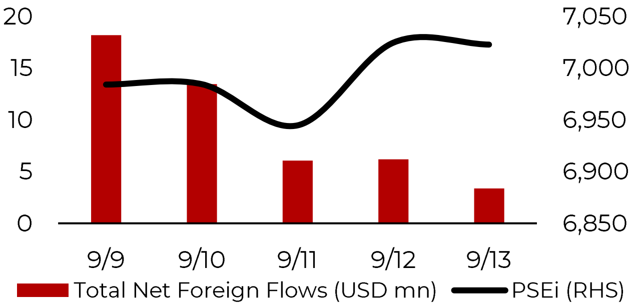
BPI WEALTH

The Morning View

September 16, 2024

Philippine Stock Exchange Index

-0.03% DoD; Net foreign buying: $3.38mn



	Level	DoD
PSEi	7,022.85	-0.03%
3-mo bond yield	5.86%	-0.82 bps
2-yr bond yield	6.00%	-0.76 bps
10-yr bond yield	6.09%	-4.96 bps
USDPHP	56.00	-0.36%
Oil (Brent, $ / barrel)	71.61	-0.50%

PH outstanding external debt rose to $130.2 billion as of end-June. The Bangko Sentral ng Pilipinas (BSP) reported that the increase was mainly driven by net availments amounting to $10.36 billion, of which $5.83 billion were from private sector entities. Despite the increase, the BSP said that the outstanding external debt remains at "manageable" levels.

Semirara Mining and Power Corp. (PSE Ticker: SCC) expects higher earnings in 2H24. SCC President and Chief Operating Officer Gotianun attributed the better earnings to higher plant availability and stable coal prices for the period. She added that wholesale electricity spot market prices will add to the volatility.

Local equities closed flat as investors turned cautious ahead of the US Federal Reserve's policy decision this week. The PSEi closed at 7,022.85 (-0.03% DoD).

Local fixed income yields fell ahead of the Federal Open Market Committee (FOMC) meeting later this week. Lower inflation expectations also helped pushed yields lower. On average, yields fell by 1.46 bps, with the 2Y closing at 6.00% (-0.76 bps) and the 10Y closing at 6.09% (-4.96 bps).

The **Philippine peso** strengthened as investors positioned ahead of the US Fed's policy meeting this week. The USD/PHP pair closed at 56.00 (-0.36% DoD).

European Central Bank (ECB) policymaker and Bundesbank President Joachim Nagel sees inflation decelerating to 2% by the end of 2025. However, he said that the ECB must remain vigilant against potential shocks that may stall progress against inflation.

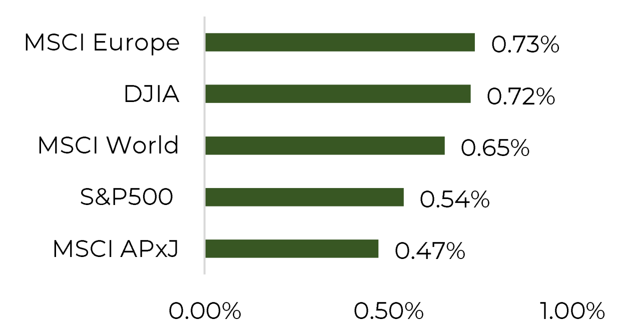
US University of Michigan Consumer Sentiment Index rose to a four-month high of 69.0 in September (August: 67.9) amid expectations that inflation will continue to moderate and household incomes will improve. Moreover, consumers' one-year inflation expectation edged lower to 2.7% from 2.8%.

US equities rose, led by the outperformance of small cap stocks, as investors weighed bets of a deeper Fed rate cut this week. This was after former New York Fed President Bill Dudley said that there was a strong case for a 50-bp rate cut. The S&P 500 closed at 5,626.02 (+0.54% DoD) and the DJIA closed at 41,393.78 (+0.72% DoD).

US Treasury yields slipped as investors awaited the US Fed's policy meeting later this week. Investors also assessed the September US consumer sentiment report which showed lower one-year inflation expectations. On average, yields fell by 3.67 bps, with the 2Y closing at 3.58% (-5.90 bps) and the 10Y closing at 3.66% (-2.10 bps).

The **US dollar** weakened as traders positioned ahead of the FOMC meeting later this week. The DXY closed at 101.11 (-0.25% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,626.02	+0.54%
DJIA	41,393.78	+0.72%
3-mo US Treasury yield	4.89%	-8.70 bps
2-yr US Treasury yield	3.58%	-5.90 bps
10-yr US Treasury yield	3.66%	-2.10 bps
DXY	101.11	-0.25%