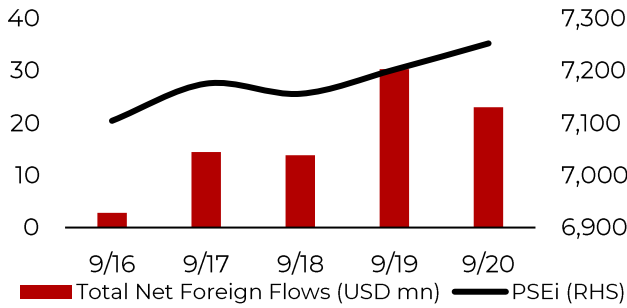


# The Morning View

September 23, 2024

## Philippine Stock Exchange Index

+0.70% DoD; Net foreign buying: \$23.05mn



	Level	DoD
PSEi	7,252.32	+0.70%
3-mo bond yield	5.74%	+0.12 bps
2-yr bond yield	5.67%	-8.99 bps
10-yr bond yield	5.65%	-18.13 bps
USDPHP	55.69	+0.14%
Oil (Brent, \$ / barrel)	74.49	-0.52%

**The Bangko Sentral ng Pilipinas (BSP) reduced the reserve requirement ratio (RRR) for universal and commercial banks to 7.0% from 9.5%, effective on October 25, 2024.** BSP Governor Remolona earlier signaled his intention to lower the country's relatively high RRR to 5.0% by the end of his term in 2029.

**PLDT Inc. (PSE Ticker: TEL) and Smart Communications, Inc. will transition powering 24 of its facilities with renewable energy.** The facilities will be powered by ACEN renewable energy solutions, the retail electricity arm of ACEN Corp. (PSE Ticker: ACEN).

**Local equities** rallied to a two-year high as investors cheered the BSP's announcement of a significant RRR cut. The market also sustained its bullish momentum amid the US Federal Reserve's 50-bp policy rate cut. The PSEi closed at 7,252.32 (+0.70% DoD).

**Local fixed income yields** continued to decline as the BSP announced its 2.5% RRR reduction effective October 25. Investors also continued to price in the 50-bp cut from the US Federal Reserve. On average, yields fell by 10.02 bps, with the 2Y closing at 5.67% (-8.99 bps) and the 10Y closing at 5.65% (-18.13 bps).

The **Philippine peso** weakened following the BSP's announcement of a significant reduction in RRR. The USD/PHP pair closed at 55.69 (+0.14% DoD).

**Federal Reserve Governor Christopher Waller said he supported the recent 50-bp cut as inflation eased faster than expected.** He also said that the recent data gives room for the Federal Reserve to ease more and support the weakening labor market.

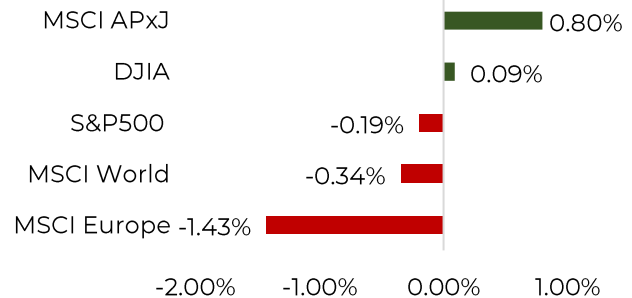
**The Bank of Japan (BoJ) maintained its short-term interest rate at 0.25%, as widely expected.** BoJ Governor Kazuo Ueda said that the central bank is in no rush to raise rates again, citing risks over global economic uncertainties, particularly in the US.

**US equities** closed mixed as the market continued to digest the Fed's oversized policy rate cut. Analysts viewed the jumbo rate cut as a positive catalyst, but some noted that the Fed is concerned about the health of the labor market. The S&P 500 closed at 5,702.55 (-0.19% DoD) and the DJIA closed at 42,063.36 (+0.09% DoD).

**US Treasury yields** rose after the weekly jobless claims came in lower than expected, easing concerns of an economic slowdown. On average, yields rose by 1.48 bps, with the 2Y closing at 3.60% (+0.90 bps) and the 10Y closing at 3.74% (+2.60 bps).

The **US dollar** strengthened as traders weighed the BoJ's decision to maintain policy rates at 0.25%. This was also after the lower-than-expected US weekly jobless claims. The DXY closed at 100.72 (+0.11% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,702.55	-0.19%
DJIA	42,063.36	+0.09%
3-mo US Treasury yield	4.67%	-5.40 bps
2-yr US Treasury yield	3.60%	+0.90 bps
10-yr US Treasury yield	3.74%	+2.60 bps
DXY	100.72	+0.11%

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