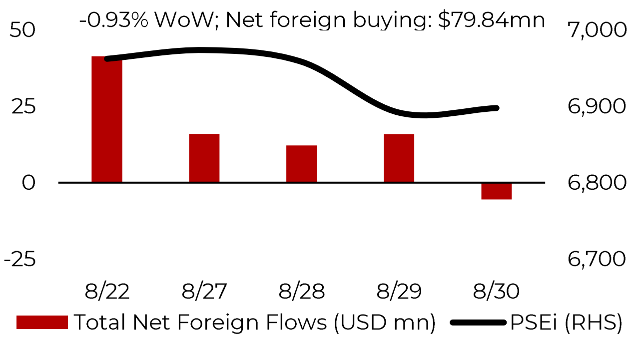
The Weekly Review

September 2, 2024

Philippine Stock Exchange Index



	Level	WoW
PSEi	6,897.54	-0.93%
3-mo bond yield	5.92%	-0.93 bps
2-yr bond yield	6.01%	-0.74 bps
10-yr bond yield	6.07%	-0.41 bps
USDPHP	56.11	-0.39%
Oil (Brent, $ / barrel)	78.80	+2.05%

The local equity market fell as traders took profits last week and as the MSCI rebalancing took effect. Investors also looked ahead to the release of the July US PCE inflation print.

Top performers were Ayala Land, Inc. (PSE Ticker: ALI; +7.79%), Nickel Asia Corporation (NIKL; +5.97%), and DMCI Holdings, Inc. (DMC; +5.41%). Meanwhile, SM Investments Corporation (PSE Ticker: SM; -5.35%), Universal Robina Corporation (URC; -5.45%), and Aboitiz Equity Ventures, Inc. (AEV; -5.68%) were the laggards of the week.

▼ The PSEi closed at 6,897.54 (-0.93% WoW).

Local fixed income yields fell as investors priced in further rate cuts from the US Federal Reserve. Markets also weighed the Bangko Sentral ng Pilipinas' (BSP) estimate that local inflation may settle within 3.2% and 4.0% in August, lower than July's 4.4%.

▼ On average, yields fell by 1 bp, with the 2Y closing at 6.01% (-1 bp) and the 10Y closing at 6.07% (0 bps).

The Philippine peso strengthened on increased bets of a September Fed rate cut after Fed Chairman Powell hinted that the time has come to start cutting rates. This was also after the BSP's statement that PH inflation likely decelerated in August.

▼ The USD/PHP pair closed at 56.11 (-0.39% WoW).

The US stock market indices jumped as investors digested a slew of positive economic developments, including: (1) the upward revision to the US 2Q24 Gross Domestic Product (GDP) growth to 3.0% from the initial estimate of 2.8%, and (2) the July Personal Consumption Expenditures (PCE) inflation of 2.5% YoY, which was unchanged from last month and was in line with consensus expectation.

▲ S&P 500 closed at 5,648.40 (+0.24% WoW).
▲ DJIA closed at 41,563.08 (+0.94% WoW).

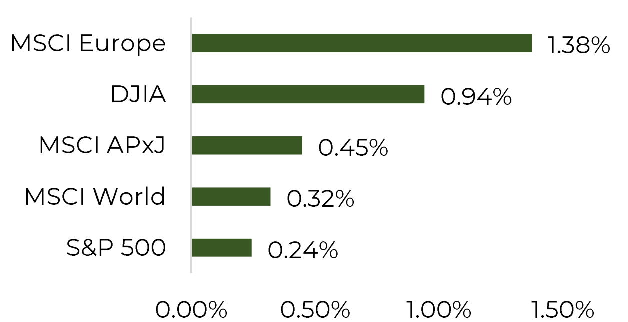
US Treasury yields rose following the upward revision to US 2Q24 GDP growth and the sticky July US PCE inflation reading. The upward revision to GDP may have dimmed hopes of a 50 basis point rate cut in September.

▲ On average, yields rose by 5 bps, with the 2Y closing at 3.92% (0 bps) and the 10Y closing at 3.91% (+10 bps).

The **US dollar strengthened** following the upward revision of the 2Q24 US GDP which highlighted the resilience of consumer spending. This was reinforced by the US July Consumer spending which accelerated to 0.5% MoM (June: 0.3% MoM).

▲ The DXY closed at 101.70 (+0.97% WoW).

Global Stock Indices



	Level	WoW
S&P 500	5,648.40	+0.24%
DJIA	41,563.08	+0.94%
3-mo US Treasury yield	5.12%	-1.70 bps
2-yr US Treasury yield	3.92%	+0.40 bps
10-yr US Treasury yield	3.91%	+10.40 bps
DXY	101.70	+0.97%