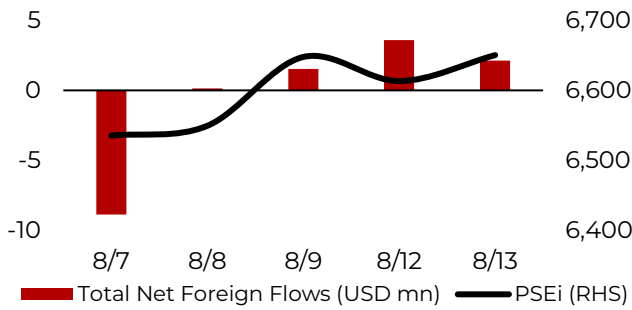


# The Morning View

August 14, 2024

## Philippine Stock Exchange Index

+0.56% DoD; Net foreign buying: \$2.13mn



	Level	DoD
PSEi	6,650.44	+0.56%
3-mo bond yield	5.92%	+3.87 bps
2-yr bond yield	6.03%	-0.69 bps
10-yr bond yield	6.15%	+0.02 bps
USDPHP	56.96	-0.62%
Oil (Brent, \$ / barrel)	80.69	-1.96%

**Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona Jr. stated that there is "more room to stay tight" following the 6.3% GDP growth in 2Q24.** However, he cautioned that not all GDP components are performing strongly and that the central bank will consider easing rates once inflation is fully under control.

**Manila Electric Co.'s (PSEi Ticker: MER) franchise renewal obtains approval from the House Committee on Legislative Franchises.** If finalized and approved, MER's current power franchise will be extended for another 25 years. Additionally, the initial clause allowing MER to serve adjacent regions was removed.

**Local equities** climbed amid investor optimism after the peso strengthened against the dollar, bringing the currency back to the Php56 level. The PSEi closed at 6,650.44 (+0.56% DoD).

**Local fixed income yields** ended mixed but rose on average as investors weighed BSP Governor Remolona's hawkish remarks ahead of their policy meeting. On average, yields rose by 1.63 bps, with the 2Y closing at 6.03% (-0.69 bps) and the 10Y closing at 6.15% (+0.02 bps).

The **Philippine peso** strengthened following BSP Governor Remolona's remark that there is "more room" to keep monetary policy tight. Investors also awaited the release of key inflation data in the US. The USD/PHP pair closed at 56.96 (-0.62% DoD).

**Atlanta Fed President Bostic said recent economic data made him "more confident" but added that he wants to see more data before cutting rates.** He remarked that the balance of risks between inflation and the labor market are closer to level but wants to be sure that the Fed avoids cutting rates too soon.

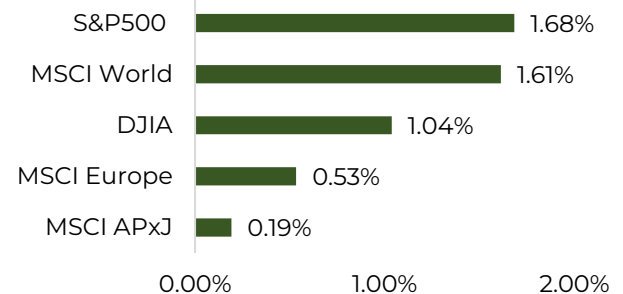
**US producer price index (PPI) inched up by 0.1% MoM in July (June: 0.2%, consensus: 0.2%).** This slower increase in producer prices was largely due to a decline in services prices, reflecting easing labor market tightness. Meanwhile, core PPI was flat MoM (June: revised 0.3%, consensus: 0.2%).

**US equities** rebounded, led by a rally in tech stocks, as investors cheered the below-consensus July producer inflation data in the US. The S&P 500 closed at 5,434.43 (+1.68% DoD) and the DJIA closed at 39,765.64 (+1.04% DoD).

**US Treasury yields** fell after the slower-than-expected US PPI inflation print for July increased bets of a potential Fed rate cut in September. On average, yields fell by 5.54 bps, with the 2Y closing at 3.93% (-8.50 bps) and the 10Y closing at 3.85% (-6.20 bps).

The **US dollar** weakened as traders weighed the weaker-than-expected US PPI inflation data release. The DXY closed at 102.56 (-0.56% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,434.43	+1.68%
DJIA	39,765.64	+1.04%
3-mo US Treasury yield	5.18%	-3.20 bps
2-yr US Treasury yield	3.93%	-8.50 bps
10-yr US Treasury yield	3.85%	-6.20 bps
DXY	102.56	-0.56%