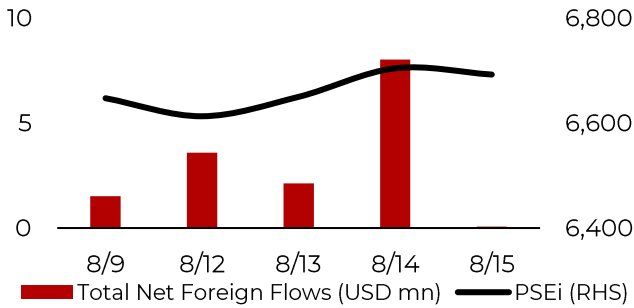


The Morning View

August 16, 2024

Philippine Stock Exchange Index

-0.18% DoD; Net foreign buying: \$0.06mn



	Level	DoD
PSEi	6,692.91	-0.18%
3-mo bond yield	5.94%	-0.15 bps
2-yr bond yield	6.02%	-0.50 bps
10-yr bond yield	6.11%	-2.81 bps
USDPHP	56.90	-0.10%
Oil (Brent, \$ / barrel)	81.04	+1.60%

The Bangko Sentral ng Pilipinas (BSP) cut its key policy rate by 25 basis points (bps) to 6.25%, marking its first cut since November 2020 BSP Governor Remolona acknowledged that recent inflation progress supports a move toward a less restrictive monetary stance. He guided for one more 25 bps cut by either October or December of this year.

Globe Telecom, Inc.'s (PSEi Ticker: GLO) secured a Php22.0 billion in loans from major local banks. The loan proceeds will be used to fund GLO's capital expenditures, debt refinancing, and other general corporate requirements. GLO disclosed that it has allocated \$1.0 billion in capital expenditures for 2024.

Local equities inched down as investors took profits and turned cautious ahead of the policy decision of the BSP. The PSEi closed at 6,692.91 (-0.18% DoD).

Local fixed income yields fell as investors digested the BSP's decision to cut its key policy rate to 6.25%. On average, yields fell by 1.93 bps, with the 2Y closing at 6.02% (-0.50 bps) and the 10Y closing at 6.11% (-2.81 bps).

The **Philippine peso** slightly strengthened as investors weighed the BSP's policy rate decision and upward revisions to its risk-adjusted inflation forecasts. The USD/PHP pair closed at 56.90 (-0.10% DoD).

US retail sales rebounded strongly to a 1.0% MoM rise in July (June: revised -0.2%), marking the largest MoM increase since January 2023. This growth was stronger than markets' expectation of a 0.4% gain and was led by increased spending at car dealerships, on electronics, and at grocery stores.

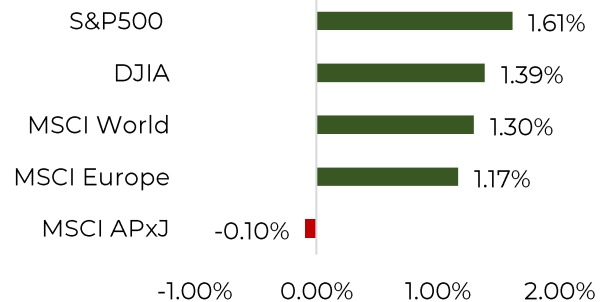
Atlanta Federal Reserve President Raphael Bostic said that he is open to a rate cut in September amid easing inflation. However, he cautioned that the Fed cannot "afford to be late" in terms of policy easing as the labor market is showing signs of cooling. He also said that he is open to a 50-bp rate cut if the labor market weakens faster than expected.

US equities rallied as investors cheered the above-consensus July retail sales and the lower-than-expected weekly initial jobless claims. The S&P 500 closed at 5,543.22 (+1.61% DoD) and the DJIA closed at 40,563.06 (+1.39% DoD).

US Treasury yields rose after the stronger-than-expected US retail sales and lower US weekly initial jobless claims data calmed investors' concerns over the health of the US economy. On average, yields rose by 7.06 bps, with the 2Y closing at 4.10% (+13.30 bps) and the 10Y closing at 3.92% (+7.60 bps).

The **US dollar** strengthened following the higher-than-expected US retail sales data release. The DXY closed at 102.98 (+0.40% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,543.22	+1.61%
DJIA	40,563.06	+1.39%
3-mo US Treasury yield	5.23%	+1.20 bps
2-yr US Treasury yield	4.10%	+13.30 bps
10-yr US Treasury yield	3.92%	+7.60 bps
DXY	102.98	+0.40%

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