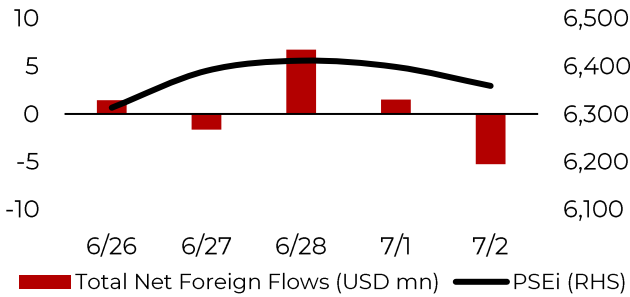


The Morning View

July 3, 2024

Philippine Stock Exchange Index

-0.62% DoD; Net foreign selling: \$5.27mn



The Philippine Statistics Authority (PSA) reported that the national average price of well-milled rice was Php56.35 per kilogram (kg) as of mid-June. This was slightly lower than the average of Php56.50 per kg reported on June 1 to 5 (first phase). Meanwhile, the average retail price of regular-milled rice was Php51.14 per kg down from Php51.33 per kg during the first phase.

Jollibee Foods Corp. (PSEi Ticker: JFC) acquired a majority stake in South Korean coffee brand Compose Coffee for \$340 million through its subsidiary, Jollibee Worldwide Pte. Ltd. JFC disclosed that it expects a 2% increase in revenues, bringing its international business contribution to 41% of global revenues.

Local equities fell as investors took profits and awaited the release of the June local inflation print. The market also digested the slightly weaker S&P Global Philippine Manufacturing Purchasing Managers' Index (PMI) at 51.3 in June (May: 51.9). The PSEi closed at 6,358.96 (-0.62% DoD).

Local fixed income yields were relatively flat ahead of the June local inflation data. On average, yields fell by 0.24 bps, with the 2Y closing at 6.25% (-0.53 bps) and the 10Y closing at 6.65% (+0.26 bps).

The **Philippine peso** slightly weakened ahead of the local inflation print and as elections in France and the US weighed down on market sentiment. The USD/PHP pair closed at 58.80 (+0.25% DoD).

	Level	DoD
PSEi	6,358.96	-0.62%
3-mo bond yield	5.75%	+1.64 bps
2-yr bond yield	6.25%	-0.53 bps
10-yr bond yield	6.65%	+0.26 bps
USDPHP	58.80	+0.25%
Oil (Brent, \$ / barrel)	86.24	-0.42%

Federal Reserve Chairman Jerome Powell said the US is back on a "disinflationary path," but more evidence of sustained inflation decline is needed before cutting rates. He also noted the need for careful policy to avoid prolonged tight measures that could harm economic expansion.

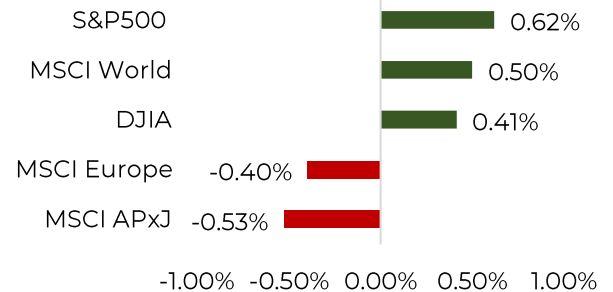
Eurozone headline inflation decelerated to 2.5% YoY in June from 2.6% as energy and unprocessed food price inflation eased. Core inflation came in at 2.9%, slightly above expectation of 2.8% as service prices rose 4.1%.

US equities rose as Tesla stocks surged after its delivery numbers beat expectations in the second quarter. Moreover, investors' sentiment was lifted by Fed Chair Powell's remarks which noted the progress on inflation. The S&P 500 closed at 5,509.01 (+0.62% DoD) and the DJIA closed at 39,331.85 (+0.41% DoD).

US Treasury yields edged down after US Fed Chair Powell commented that the US is getting back on a disinflationary path. On average, yields fell by 2.05 bps, with the 2Y closing at 4.75% (-1.50 bps) and the 10Y closing at 4.43% (-2.90 bps).

The **US dollar** weakened as traders weighed US Fed Chairman Powell's remarks who stated that the US is back on a disinflationary path. The DXY closed at 105.72 (-0.17% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,509.01	+0.62%
DJIA	39,331.85	+0.41%
3-mo US Treasury yield	5.37%	+0.60 bps
2-yr US Treasury yield	4.75%	-1.50 bps
10-yr US Treasury yield	4.43%	-2.90 bps
DXY	105.72	-0.17%

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