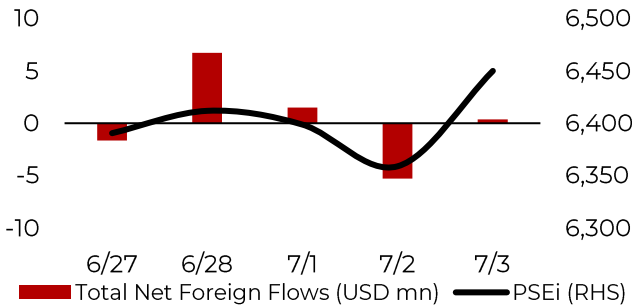


# The Morning View

July 4, 2024

## Philippine Stock Exchange Index

+1.43% DoD; Net foreign buying: \$0.38mn



	Level	DoD
PSEi	6,450.03	+1.43%
3-mo bond yield	5.70%	-4.78 bps
2-yr bond yield	6.23%	-2.41 bps
10-yr bond yield	6.63%	-1.91 bps
USDPHP	58.73	-0.12%
Oil (Brent, \$ / barrel)	87.34	+1.28%

The **House of Representatives** targets to approve the Php6.352-trillion 2025 General Appropriations Bill before the Congress goes on break in September 2024. The proposed 2025 national budget is 10% higher than this year's Php5.768 trillion.

**JG Summit Holdings, Inc.'s (PSEi Ticker: JGS) domestic airline arm, Cebu Pacific (CEB), will fund its Php1.4-trillion aircraft order through equity injections and loans.** CEB disclosed that the agreement is expected to be finalized in the 3<sup>rd</sup> quarter.

**Local equities** climbed amid bargain hunting and improved market sentiment after US Federal Reserve Chairman Jerome Powell acknowledged the progress in reducing inflation. The PSEi closed at 6,450.03 (+1.43% DoD).

**Local fixed income yields** fell after the US Federal Reserve acknowledged progress against inflation. Investors also positioned ahead of the local inflation data to be released this week. On average, yields fell by 3.14 bps, with the 2Y closing at 6.23% (-2.41 bps) and the 10Y closing at 6.63% (-1.91 bps).

The **Philippine peso** slightly strengthened as traders weighed dovish remarks from US Fed Chair Powell who stated that the US is back on a "disinflationary path." The USD/PHP pair closed at 58.73 (-0.12% DoD).

**US Institute for Supply Management (ISM) Services Purchasing Managers' Index (PMI) dropped to 48.8 in June (May: 53.8).** The index fell below the 50.0 reading, indicating a contraction of business activity in the services sector. This was also below market's expectation of 52.5.

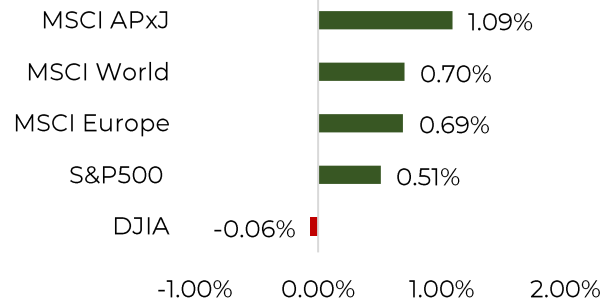
**The June Minutes of the Federal Open Market Committee meeting showed that officials see progress against inflation but are divided on the interest rate path.** Policymakers said that the uncertainty of the economic outlook prompted them to maintain rates, but they are open to raising rates if inflation progress stalls.

**US equities** closed mixed as investors digested the sluggish economic reports for June, including the ISM services PMI and the slowing private payrolls data. The S&P 500 closed at 5,537.02 (+0.51% DoD) and the DJIA closed at 39,308.00 (-0.06% DoD).

**US Treasury yields** fell as investors weighed the recent slew of cooling labor market data which buoyed hopes for rate cuts later this year. On average, yields fell by 5.05 bps, with the 2Y closing at 4.71% (-3.30 bps) and the 10Y closing at 4.36% (-7.30 bps).

The **US dollar** weakened as traders weighed the weaker-than-expected private payrolls data, the softer-than-expected US services PMI, and the increase in initial jobless claims. The DXY closed at 105.40 (-0.30% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,537.02	+0.51%
DJIA	39,308.00	-0.06%
3-mo US Treasury yield	5.39%	+2.20 bps
2-yr US Treasury yield	4.71%	-3.30 bps
10-yr US Treasury yield	4.36%	-7.30 bps
DXY	105.40	-0.30%

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