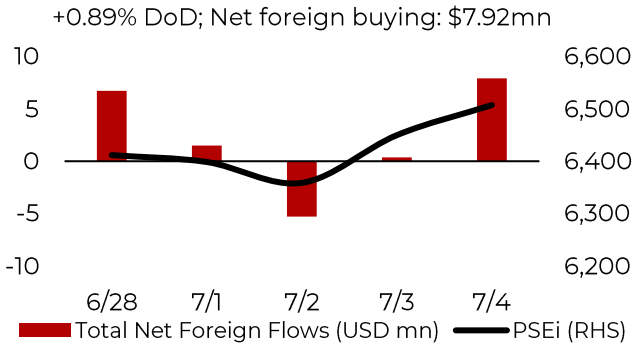


The Morning View

July 5, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,507.49	+0.89%
3-mo bond yield	5.71%	+0.74 bps
2-yr bond yield	6.21%	-1.76 bps
10-yr bond yield	6.56%	-6.89 bps
USDPHP	58.58	-0.25%
Oil (Brent, \$ / barrel)	87.43	+0.10%

The **Bureau of the Treasury (BTr)** reported that the National Government's debt soared to a record high of Php15.35 trillion as of end-May (+2.2% MoM). The increase was attributed to the \$2-billion global bond issuance in early May as well as the recent depreciation of the peso.

Aboitiz Power Corp. (PSEi Ticker: AP) sets up a venture studio specifically for building startups in the energy sector. The new venture studio, 1882 Energy Ventures, will focus on areas of decentralized energy resources, and electric mobility.

Local equities rose amid bargain hunting, net foreign inflows, and positive spillover from the record performances of global equities overnight. Investors also awaited the release of the June local headline inflation report. The PSEi closed at 6,507.49 (+0.89% DoD).

Local fixed income yields fell as weak US economic data boosted hopes of an earlier Fed rate cut this year. On average, yields fell by 1.70 bps, with the 2Y closing at 6.21% (-1.76 bps) and the 10Y closing at 6.56% (-6.89 bps).

The **Philippine peso** strengthened after the weaker-than-expected US private payrolls and services activity data raised bets of a Fed rate cut within the year. The USD/PHP pair closed at 58.58 (-0.25% DoD).

Japan's household spending fell by 1.8% YoY in May (April: +0.5%), lower than the consensus estimates of 0.3% growth. The contraction in household spending was attributed to higher prices which continued to weigh down on consumer's purchasing power.

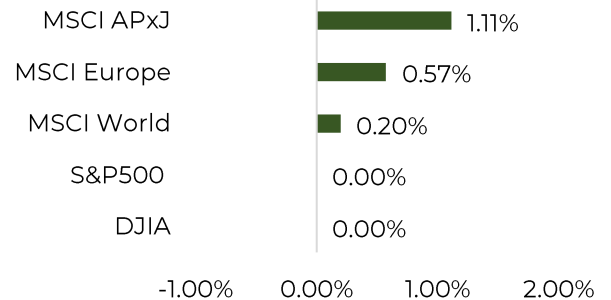
European Central Bank officials were mostly confident that disinflation will continue but some officials expressed worries over cutting rates, the account of their latest meeting showed. Officials cited the higher-than-expected wage growth and sticky inflation as to why the risks to inflation may be skewed higher.

US equities were unchanged as the markets were closed in observance of the US Independence Day. The S&P 500 closed at 5,537.02 (+0.0% DoD) and the DJIA closed at 39,308.00 (+0.0% DoD).

US Treasury yields were flat as markets were closed in observance of the US Independence Day. Yields were unchanged with the 2Y closing at 4.71% (0.00 bps) and the 10Y closing at 4.36% (0.00 bps).

The **US dollar** slightly weakened as investors continued to digest the weaker-than-expected US private payrolls and services purchasing managers' index data which supported rate cut bets. This was also ahead of the non-farm payrolls data release. The DXY closed at 105.13 (-0.26% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,537.02	0.00%
DJIA	39,308.00	0.00%
3-mo US Treasury yield	5.39%	0.00 bps
2-yr US Treasury yield	4.71%	0.00 bps
10-yr US Treasury yield	4.36%	0.00 bps
DXY	105.13	-0.26%

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