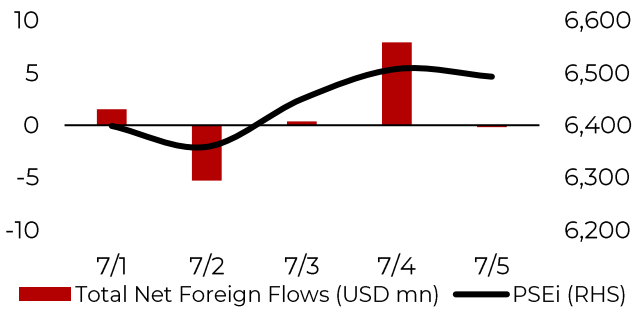


The Morning View

July 8, 2024

Philippine Stock Exchange Index

-0.23% DoD; Net foreign selling: \$0.20mn



	Level	DoD
PSEi	6,492.75	-0.23%
3-mo bond yield	5.72%	+0.44 bps
2-yr bond yield	6.21%	-0.41 bps
10-yr bond yield	6.51%	-4.91 bps
USDPHP	58.53	-0.09%
Oil (Brent, \$ / barrel)	86.54	-1.02%

Bangko Sentral ng Pilipinas (BSP) Governor Remolona hinted at a potential rate cut in August despite inflation possibly breaching target in July. He said that there is a 50–50 chance that July inflation would breach the 2–4% target but it is unlikely to affect the likelihood of a rate cut in August.

DMCI Holdings Inc.'s (PSEi Ticker: DMCI) power arm, DMCI Power Corp., is eyeing to reduce generation costs by increasing renewable energy capacity. For 2024, DMCI Power budgeted Php2.0 billion in capital expenditures which will be used on the company's various energy projects.

Local equities fell amid last-minute profit taking from investors after a two-day market rally. The National Government's outstanding debt which hit a record-high of Php15.35 trillion as of end-May also dampened market sentiment. The PSEi closed at 6,492.75 (-0.23% DoD).

Local fixed income fell as inflation decelerated to 3.7% in June, below the market expectation of 3.9%. On average, yields fell by 1.54 bps, with the 2Y closing at 6.21% (-0.41 bps) and the 10Y closing at 6.51% (-4.91 bps).

The **Philippine peso** slightly strengthened as investors cheered the softer local inflation print for June and digested cooling labor data in the US. The USD/PHP pair closed at 58.53 (-0.09% DoD).

US nonfarm payrolls rose by 206,000 in June (May: revised 218,000), above the consensus estimate of 190,000. Gains were led by hiring in the public and health care sectors. However, the unemployment rate inched up to 4.1% (May: 4.0%), its highest since November 2021 and above the market expectation of 4.0%.

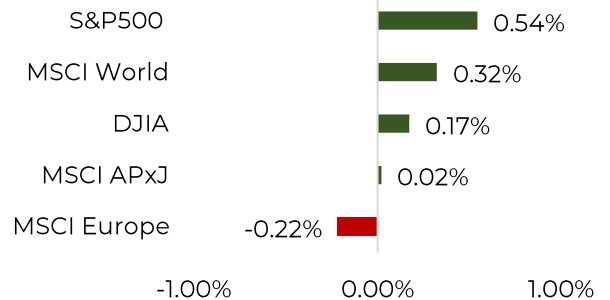
Leftist alliance New Popular Front (NFP) has won the most seats in French Parliament, edging out the right wing and centrist parties of Le Pen and Macron, respectively. NFP took 182 seats, the most of any coalition but way short of the 289 required for a majority.

US equities rose on rate cut hopes after the unemployment rate came in higher than expected. The S&P 500 closed at 5,567.19 (+0.54% DoD) and the DJIA closed at 39,375.87 (+0.17% DoD).

US Treasury yields fell as the US June jobs report which showed a higher-than-expected unemployment rate and moderating wage growth in June raised bets of a Fed rate cut within the year. On average, yields fell by 6.04 bps, with the 2Y closing at 4.61% (-10.40 bps) and the 10Y closing at 4.28% (-8.10 bps).

The **US dollar** slightly weakened as traders weighed the uptick in the unemployment rate in June. The DXY closed at 104.88 (-0.24% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,567.19	+0.54%
DJIA	39,375.87	+0.17%
3-mo US Treasury yield	5.39%	-0.80 bps
2-yr US Treasury yield	4.61%	-10.40 bps
10-yr US Treasury yield	4.28%	-8.10 bps
DXY	104.88	-0.24%

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