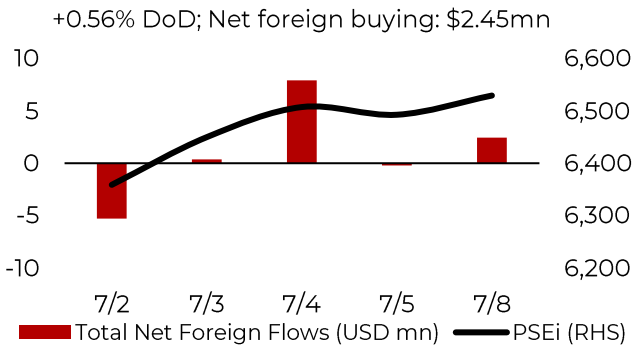


The Morning View

July 9, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,529.43	+0.56%
3-mo bond yield	5.71%	-0.65 bps
2-yr bond yield	6.19%	-1.35 bps
10-yr bond yield	6.43%	-7.94 bps
USDPHP	58.50	-0.05%
Oil (Brent, \$ / barrel)	85.75	-0.91%

The Philippine Statistics Authority (PSA) reported that the unemployment rate rose to a 4-month high of 4.1% in May (April: 4.0%). The PSA attributes the rise to increased labor force participation but noted an improved job quality, as the underemployment rate fell to 9.9% during the period (April: 14.6%).

Manila Electric co. (PSEi Ticker: MER) anticipates an increase in generation charge of Php0.77 per kilowatt-hour in July. MER disclosed that it will begin to collect the estimated deferred Php500.0 million generation costs from last month. This deferred amount will be recovered over the July-to-September billing cycle.

Local equities rebounded as investors continued to digest the slower-than-expected local inflation print which boosted hopes of an August rate cut from the Bangko Sentral ng Pilipinas (BSP). The PSEi closed at 6,529.43 (+0.56% DoD).

Local fixed income yields declined after BSP Governor Remolona commented that they will not 'wait too long' to cut rates as it could dampen economic growth. On average, yields fell by 4.18 bps, with the 2Y closing at 6.19% (-1.35 bps) and the 10Y closing at 6.43% (-7.94 bps).

The **Philippine peso** slightly strengthened as the softer-than-expected US jobs data supported bets of Fed policy easing this year. The USD/PHP pair closed at 58.50 (-0.05% DoD).

New York Fed's latest consumer expectations survey revealed moderating near-term inflation expectations in June.

One-year and five-year inflation expectations eased to 3.0% (May: 3.2%) and 2.8% (May: 3.0%), respectively. Expected price gains for gas, food, rent, medical and college costs all moderated in June.

Japan's base pay rose by 2.5% YoY in May, the most in 31 years.

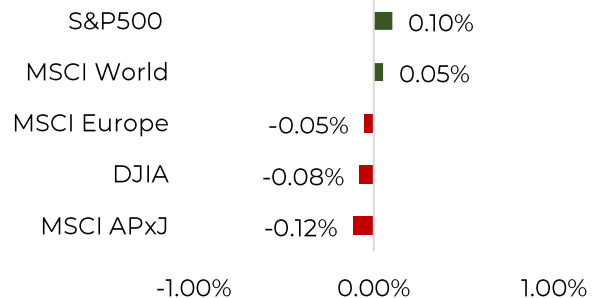
The increase was attributed to the record-high pay hikes from wage negotiations earlier this year. However, real wages continued to fall for 26 straight months as the weakening yen continues to push up import prices.

US equities ended mixed ahead of Fed Chair Powell's speech to Congress and the release of US inflation data later this week. The S&P 500 closed at a fresh high of 5,572.85 (+0.10% DoD) and the DJIA closed at 39,344.79 (-0.08% DoD).

US Treasury yields inched up as investors stayed on the sidelines ahead of US Fed Chairman Powell's congressional testimony and the release of key US inflation data this week. On average, yields rose by 0.44 bps, with the 2Y closing at 4.63% (+2.30 bps) and the 10Y closing at 4.28% (+0.20 bps).

The **US dollar** slightly strengthened as traders positioned ahead of US Fed Chair Powell's speech to the US Congress later today. The DXY closed at 105.00 (+0.12% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,572.85	+0.10%
DJIA	39,344.79	-0.08%
3-mo US Treasury yield	5.38%	-0.60 bps
2-yr US Treasury yield	4.63%	+2.30 bps
10-yr US Treasury yield	4.28%	+0.20 bps
DXY	105.00	+0.12%

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