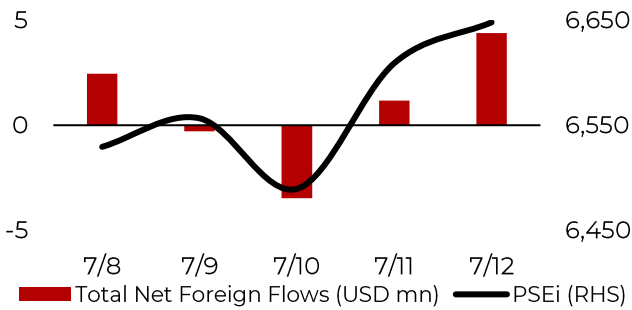


The Morning View

July 15, 2024

Philippine Stock Exchange Index

+0.59% DoD; Net foreign buying: \$4.40mn



	Level	DoD
PSEi	6,648.23	+0.59%
3-mo bond yield	5.68%	-2.83 bps
2-yr bond yield	6.07%	-2.86 bps
10-yr bond yield	6.25%	-0.40 bps
USDPHP	58.38	+0.13%
Oil (Brent, \$ / barrel)	85.03	-0.43%

The Bureau of the Treasury (BTr) reported a 40.6% YoY rise in the national government's debt service bill, reaching Php68.98 billion in May. This was amid a surge in interest payments, which made up 88.57% of the total. In the first five months of the year, the debt service bill soared by 48.0% YoY to Php1.22 trillion.

SM Investments Corp.'s (PSEi Ticker: SMIC) subsidiary, Philippine Geothermal Production Co., Inc. (PGPC) begins exploration of new geothermal energy sources. In 2023, PGPC disclosed that it was expanding its renewable energy capacity by 600 megawatts through new exploration projects.

Local equities rose as investors cheered the cooler-than-expected US Consumer Price Index (CPI) inflation print for June, which bolstered hopes of policy rate cuts. The PSEi closed at 6,648.23 (+0.59% DoD).

Local fixed income yields continued to fall following the slower-than-expected US inflation print for June. On average, yields fell by 1.79 bps, with the 2Y closing at 6.07% (-2.86 bps) and the 10Y closing at 6.25% (-0.40 bps).

The Philippine peso weakened amid profit-taking and ahead of the US producer inflation data release. The USD/PHP pair closed at 58.38 (+0.13% DoD).

US office delinquency rates rose in June amid increased vacancies and interest rates. The 30-day delinquency rate rose to 2.45% from 2.42% the month prior. The volume of 30-day delinquencies also rose to \$1.92 billion from \$1.86 billion.

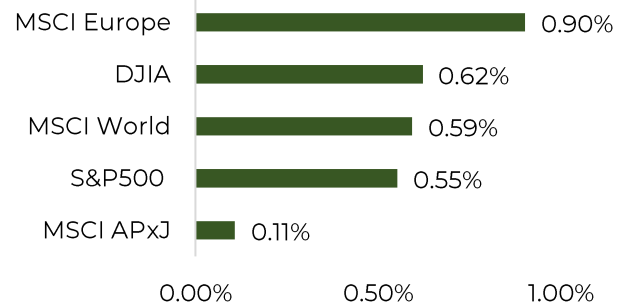
US Producer Price Index (PPI) quickened by 2.6% YoY in June (May: revised 2.4%), beating markets' expectations of a 2.3% YoY rise. The increase was buoyed by a rise in the cost of services. Excluding volatile food and energy prices, core PPI accelerated to 3.0% in June from the revised 2.6% in May.

US equities rose as investors continued to bet that the Fed will start cutting rates in September despite the hotter-than-expected June PPI inflation. Meanwhile, stocks of Wall Street banks fell after reporting mixed results. The S&P 500 closed at 5,615.35 (+0.55% DoD) and the DJIA closed at 40,000.90 (+0.62% DoD).

US Treasury yields fell as investors weighed the weaker-than-expected US consumer sentiment data for July and the decline in one-year inflation expectations. On average, yields fell by 2.50 bps, with the 2Y closing at 4.45% (-6.30 bps) and the 10Y closing at 4.19% (-2.70 bps).

The **US dollar** weakened as traders digested the lower-than-expected US consumer sentiment data for July. The DXY closed at 104.09 (-0.33% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,615.35	+0.55%
DJIA	40,000.90	+0.62%
3-mo US Treasury yield	5.35%	-0.40 bps
2-yr US Treasury yield	4.45%	-6.30 bps
10-yr US Treasury yield	4.19%	-2.70 bps
DXY	104.09	-0.33%

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