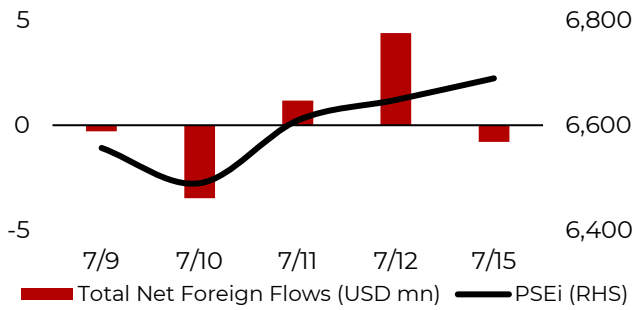


The Morning View

July 16, 2024

Philippine Stock Exchange Index

+0.62% DoD; Net foreign selling: \$0.79mn



	Level	DoD
PSEi	6,689.37	+0.62%
3-mo bond yield	5.72%	+3.31 bps
2-yr bond yield	6.06%	-1.60 bps
10-yr bond yield	6.27%	+1.75 bps
USDPHP	58.48	+0.17%
Oil (Brent, \$ / barrel)	84.85	-0.21%

The Bangko Sentral ng Pilipinas (BSP) reported that Overseas Filipino Workers' (OFW) cash remittances grew by 3.6% YoY to \$2.58 billion in May. The United States, Saudi Arabia, and Singapore mainly contributed to the increase. This brought total cash remittances to \$13.37 billion in the 5M24.

Manila Electric Co. (PSEi Ticker: MER) will raise electricity rates by Php2.15 per kilowatt-hour (kWh) to Php1.60 per kWh in July. The increase was attributed to normalizing power costs following the artificially low rates in June due to the Energy Regulatory Commission's order to stagger collection of generation charges.

Local equities rose on growing expectations of policy rate cuts by the US Federal Reserve and the Bangko Sentral ng Pilipinas (BSP). Market sentiment was also lifted by positive spillover from US markets' performance. The PSEi closed at 6,689.37 (+0.62% DoD).

Local fixed income yields slightly rose on profit-taking following 10 straight sessions of falling yields. On average, yields rose by 1.86 bps, with the 2Y closing at 6.06% (-1.60 bps) and the 10Y closing at 6.27% (+1.75 bps).

The Philippine peso slightly weakened as traders digested developments on the US elections which include the recent assassination attempt on US presidential candidate Trump over the weekend. The USD/PHP pair closed at 58.48 (+0.17% DoD).

Federal Reserve Chair Jerome Powell acknowledged that second-quarter inflation data increased confidence in the progress being made to control inflation. He also cautioned against waiting too long to cut interest rates and noted that the labor market and inflation have reached a much better balance.

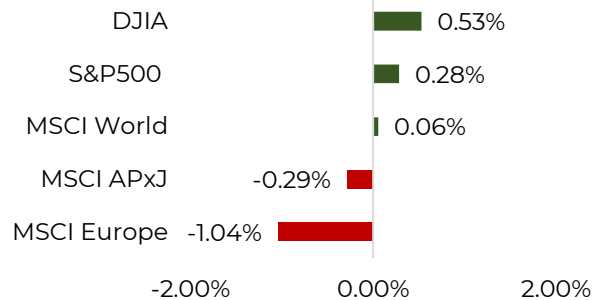
Eurozone firms see wage growth easing from 3.8% to 3.3% over the next 12 months, based on a European Central Bank survey. Inflation expectations over 1-, 3-, and 5-year horizons were all at 3%.

US equities rose as investors digested the failed assassination attempt on Republican presidential Donald Trump. A Republican victory is assumed to favor US stocks due to pro-business policies. The S&P 500 closed at 5,631.22 (+0.28% DoD) and the DJIA closed at 40,211.72 (+0.53% DoD).

US Treasury yields were mixed as investors assessed the implications of the recent Trump assassination attempt and Fed Chair Powell's remark that the Fed will not wait until inflation hits 2% before it can cut rates. On average, yields rose by 2.62 bps, with the 2Y closing at 4.46% (+0.60 bps) and the 10Y closing at 4.23% (+4.60 bps).

The **US dollar** slightly strengthened amid cautious sentiment over the political uncertainties surrounding the US elections. The DXY closed at 104.19 (+0.09% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,631.22	+0.28%
DJIA	40,211.72	+0.53%
3-mo US Treasury yield	5.34%	-0.60 bps
2-yr US Treasury yield	4.46%	+0.60 bps
10-yr US Treasury yield	4.23%	+4.60 bps
DXY	104.19	+0.09%

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