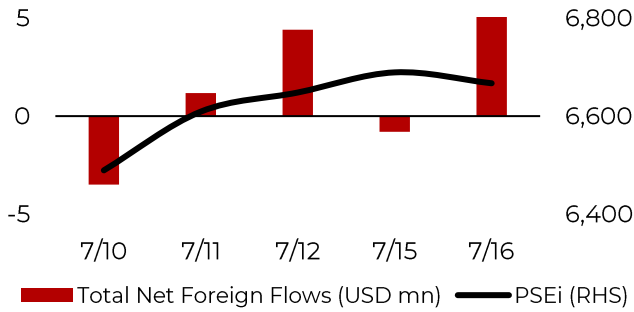


The Morning View

July 17, 2024

Philippine Stock Exchange Index

-0.33% DoD; Net foreign buying: \$5.22mn



	Level	DoD
PSEi	6,667.09	-0.33%
3-mo bond yield	5.71%	-0.55 bps
2-yr bond yield	6.04%	-1.32 bps
10-yr bond yield	6.24%	-2.55 bps
USDPHP	58.39	-0.16%
Oil (Brent, \$ / barrel)	83.73	-1.32%

The International Monetary Fund (IMF) maintained its Gross Domestic Product (GDP) growth forecast for the Philippines at 6.0% this year and 6.2% in 2025. If realized, this would be one of the fastest economic growth rates in Asia, following India's 7.0% growth projection in 2024.

Manila Water Co., Inc. (PSEi Ticker: MWC) targets to finish its Php577.0-million pipelaying project by early 2025. The project will increase MWC's service coverage to an additional 700,000 customers with an additional 200 million liters of treated water per day.

Local equities fell as investors took profits after a three-day market rally. The local market also assessed the failed assassination attempt on Republican presidential candidate Donald Trump over the weekend. The PSEi closed at 6,667.09 (-0.33% DoD).

Local fixed income yields were mixed but fell on average amid dovish remarks from Fed officials. On average, yields fell by 0.70 bps, with the 2Y closing at 6.04% (-1.32 bps) and the 10Y closing at 6.24% (-2.55 bps).

The Philippine peso strengthened after dovish comments from US Fed Chair Powell which boosted hopes of a potential Fed rate cut in September. The USD/PHP pair closed at 58.39 (-0.16% DoD).

US retail sales were steady in June (consensus: -0.3%) as broad strength in other categories offset the sharp decline in auto dealers' receipts. Meanwhile, May's retail sales gain was revised up to 0.3% MoM from 0.1%. Excluding autos and gas, retail sales jumped by 0.8% MoM, surpassing the 0.2% forecast.

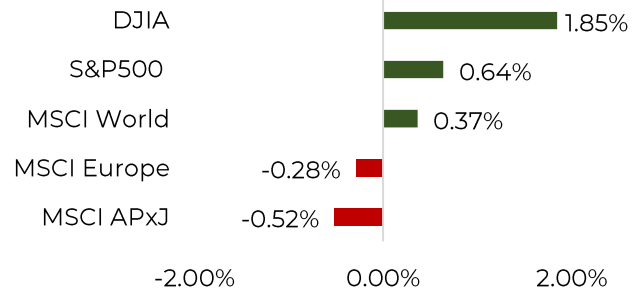
Federal Reserve Governor Kugler said it would be appropriate to cut interest rates later this year if inflation continues to moderate. She also noted that the risks to inflation and employment have become more balanced.

US equities rose with the rise of small-cap stocks as investors expect businesses to broadly benefit from rate cuts. Market sentiment was also lifted by the steady June retail sales report, which indicates economic resilience. The S&P 500 closed at 5,667.20 (+0.64% DoD) and the DJIA closed at a fresh high of 40,954.48 (+1.85% DoD).

US Treasury yields fell as investors continued to digest Fed Chair Powell's dovish comment saying that the central bank will not wait until inflation has reached its 2% target before cutting interest rates. On average, yields fell by 4.77 bps, with the 2Y closing at 4.42% (-4.10 bps) and the 10Y closing at 4.16% (-7.10 bps).

The **US dollar** slightly strengthened as traders weighed the resilient US retail sales data in June. The DXY closed at 104.27 (+0.08% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,667.20	+0.64%
DJIA	40,954.48	+1.85%
3-mo US Treasury yield	5.34%	+0.20 bps
2-yr US Treasury yield	4.42%	-4.10 bps
10-yr US Treasury yield	4.16%	-7.10 bps
DXY	104.27	+0.08%

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