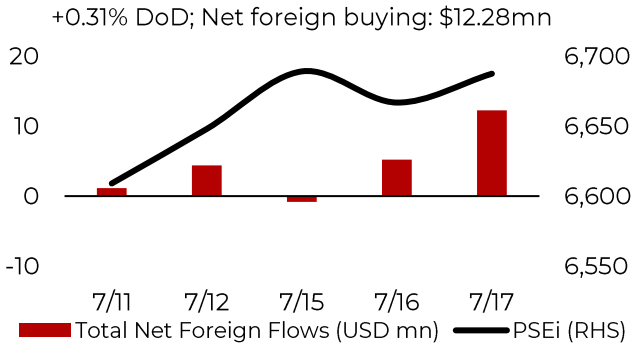


The Morning View

July 18, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,687.71	+0.31%
3-mo bond yield	5.75%	+4.03 bps
2-yr bond yield	6.05%	+1.22 bps
10-yr bond yield	6.24%	+0.01 bps
USDPHP	58.30	-0.15%
Oil (Brent, \$ / barrel)	85.08	+1.61%

The Asian Development Bank (ADB) kept its Philippine economic growth forecasts at 6.0% in 2024 and 6.2% in 2025.

ADB noted that moderating inflation and the expected policy easing will likely lift investments and consumption. This would make the Philippines the fastest-growing economy in Southeast Asia this year and the next, together with Vietnam.

SM Investments Corp. (PSEi Ticker: SM) plans to invest at least \$300 million in an integrated casino and resort.

The project will be located in Clark, Pampanga and will include a convention center and a hotel.

Local equities rebounded as investors digested the steady Philippine economic growth forecasts of ADB and International Monetary Fund.

The local market sentiment was also lifted by the positive performance of Wall Street overnight. The PSEi closed at 6,687.71 (+0.31% DoD).

Local fixed income yields climbed as investors digested the upward revision in May US retail sales.

On average, yields rose by 2.23 bps, with the 2Y closing at 6.05% (+1.22 bps) and the 10Y closing at 6.24% (+0.01 bps).

The Philippine peso strengthened amid increased prospects of a Fed rate cut as early as September following dovish remarks from Fed officials.

The USD/PHP pair closed at 58.30 (-0.15% DoD).

The Federal Reserve's Beige Book survey showed that firms point to slowing economic activity and cooling labor market conditions from late May to early July.

US firms also reported stabilizing input costs which suggest easing inflation pressures.

UK headline inflation remained steady at 2.0% YoY in June,

mainly driven by increases in hotel prices. The reading exceeded the market's expectation of 1.9%, pushing back hopes of a policy rate cut by the Bank of England in August.

US equities ended mixed as investors rotated out of tech stocks

due to concerns on a potential escalation of US-China trade tensions. Reports show that the Biden administration is considering tighter trade restrictions against China. The S&P 500 closed at 5,588.27 (-1.39% DoD) and the DJIA closed at a fresh high of 41,198.08 (+0.59% DoD).

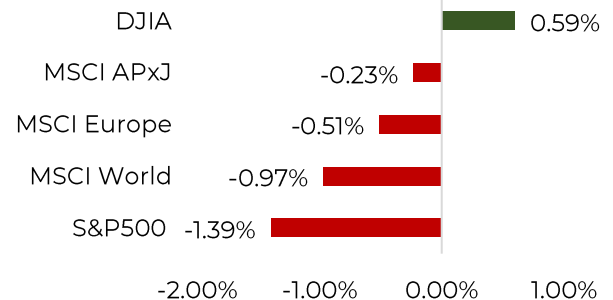
US Treasury yields rose as investors weighed Fed Governor Waller's comment that the Fed is getting closer to the time when a rate cut is warranted, barring any major surprises on inflation and employment.

On average, yields rose by 0.30 bps, with the 2Y closing at 4.44% (+2.10 bps) and the 10Y closing at 4.16% (-0.10 bps).

The US dollar weakened following dovish remarks from Fed Governor Waller who remarked that the time for a rate cut is "drawing closer."

The DXY closed at 103.75 (-0.50% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,588.27	-1.39%
DJIA	41,198.08	+0.59%
3-mo US Treasury yield	5.35%	+0.90 bps
2-yr US Treasury yield	4.44%	+2.10 bps
10-yr US Treasury yield	4.16%	-0.10 bps
DXY	103.75	-0.50%

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