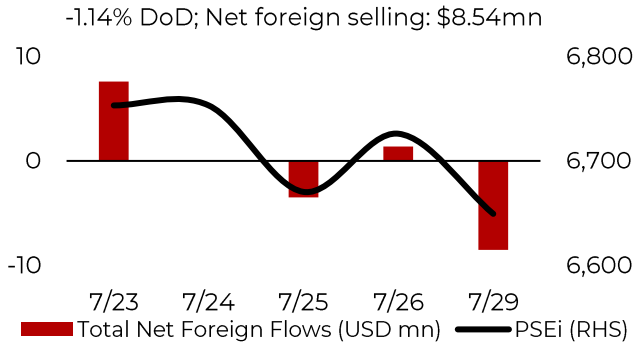


The Morning View

July 30, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,649.23	-1.14%
3-mo bond yield	5.74%	+1.52 bps
2-yr bond yield	6.03%	-1.03 bps
10-yr bond yield	6.22%	-5.55 bps
USDPHP	58.51	+0.28%
Oil (Brent, \$ / barrel)	79.78	-1.66%

The Department of Budget and Management (DBM) proposed a Php6.352-trillion national budget for 2025 to the House of Representatives. This budget represents a 10.1% increase from the Php5.678-trillion budget in 2024. The proposal includes increased allocation for education, defense, and transportation.

Jollibee Foods Corporation (PSEi Ticker: JFC) withdrew its plan to issue Php8-billion preferred shares on the back of the strong performance and cash flow generation of its Philippine business. JFC also lowered its Php23-billion capital expenditure budget for 2024 by at least 20%.

Local equities dropped amid profit-taking. Investors also awaited a series of local corporate earnings reports and the policy decision of the US Federal Reserve this week. The PSEi closed at 6,649.23 (-1.14% DoD).

Local fixed income yields fell ahead of the US Federal Open Market Committee's policy meeting later this week. On average, yields fell by 0.95 bps, with the 2Y closing at 6.03% (-1.03 bps) and the 10Y closing at 6.22% (-5.55 bps).

The **Philippine peso** weakened as traders took a cautious stance ahead of the US Federal Reserve's two-day policy meeting later this week. The USD/PHP pair closed at 58.51 (+0.28% DoD).

Economists expect the Federal Reserve to maintain its policy rate at 5.5%, according to a Bloomberg survey. Bloomberg surveyed 104 firms and all of them expect rates to remain unchanged. Fed officials have previously signaled that they will likely cut rates even before inflation hits 2% as disinflation continues. Markets are pricing in a rate cut by September.

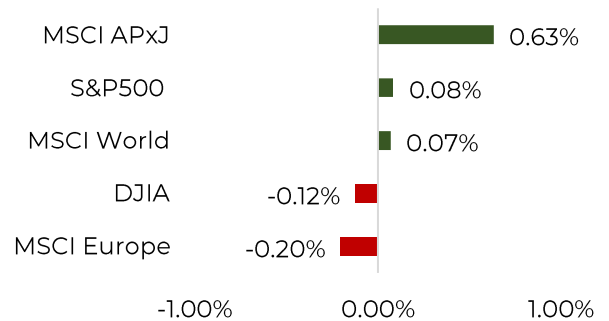
The US Treasury Department reported that US national debt has surpassed \$35 trillion for the first time in the nation's history. Elevated interest rates have increased the difficulty of managing the debt burden. In 2Q24, the government borrowed \$234 billion and is expected to borrow an additional \$740 billion in 3Q24.

US equities closed mixed as investors geared up for a slew of developments this week, including big tech corporate earnings and the policy decision of the Fed. The S&P 500 closed at 5,463.54 (+0.08% DoD) and the DJIA closed at 40,539.93 (-0.12% DoD).

US Treasury yields were mixed as investors awaited the release of key US employment data and the Fed's policy meeting later this week. On average, yields fell by 0.67 bps, with the 2Y closing at 4.40% (+1.70 bps) and the 10Y closing at 4.18% (-2.00 bps).

The **US dollar** slightly strengthened as traders positioned ahead of the US Fed's policy meeting. The DXY closed at 104.56 (+0.24% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,463.54	+0.08%
DJIA	40,539.93	-0.12%
3-mo US Treasury yield	5.29%	-1.10 bps
2-yr US Treasury yield	4.40%	+1.70 bps
10-yr US Treasury yield	4.18%	-2.00 bps
DXY	104.56	+0.24%

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