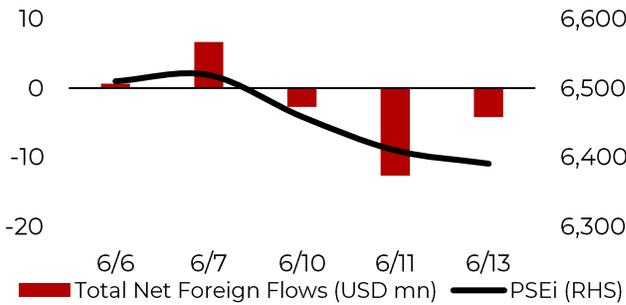


The Morning View

June 14, 2024

Philippine Stock Exchange Index

-0.30% DoD; Net foreign selling: \$4.19mn



	Level	DoD
PSEi	6,390.83	-0.30%
3-mo bond yield	5.67%	+0.12 bps
2-yr bond yield	6.29%	+1.01 bps
10-yr bond yield	6.72%	-0.49 bps
USDPHP	58.58	-0.17%
Oil (Brent, \$ / barrel)	82.75	+0.18%

Department of Finance (DoF) Secretary Ralph G. Recto said that it is 'highly probable' that the Bangko Sentral ng Pilipinas (BSP) will not cut rates ahead of the US Federal Reserve. Analysts believe that the hawkish stance of the Fed limits the BSP's ability to cut rates without causing excessive volatility in the peso.

Globe Telecom, Inc. (PSEi Ticker: GLO) will work with Nokia Corporation to modernize its network infrastructure. The new infrastructure will allow Globe to support fixed wireless access services. Additionally, GLO disclosed that it has deployed 27 5G sites across the Philippines.

Local equities declined as investors weighed the Fed's latest guidance of just one 25-bp cut in 2024, down from previously three. The PSEi closed at 6,390.83 (-0.30% DoD).

Local fixed income yields were mixed but fell on average following the release of the Fed's latest Summary of Economic Projections. Investors also weighed mixed comments from BSP officials. On average, yields fell by 0.31 bps, with the 2Y closing at 6.29% (+1.01 bps) and the 10Y closing at 6.72% (-0.49 bps).

The **Philippine peso** slightly strengthened as investors digested the slower-than-expected US Consumer Price Index (CPI) inflation print for May and the US Federal Reserve's decision to hold interest rates steady. The USD/PHP pair closed at 58.58 (-0.17% DoD).

The US Producer Price Index (PPI) unexpectedly fell by 0.2% MoM in May (April: +0.5%; consensus: +0.1%). This decline, driven by a sharp decrease in energy costs, marks the first PPI drop since October 2023. On a YoY basis, PPI inflation eased to 2.2% in May (April: 2.3%), also below the market's expectation of a 2.5% rise.

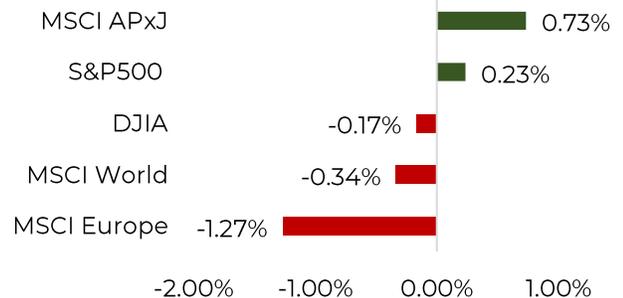
The US Department of Labor reported that weekly jobless claims rose by 13,000 to 242,000, a 10-month high. Continuing claims jumped by 30,000 to 1.82 million. The soft labor market data suggests easing wage pressures on inflation.

US equities were mixed as investors weighed the US Fed's latest projection of only one rate cut for the year. Moreover, investors also cheered the strong earnings from Broadcom Inc. and the cooler-than-expected PPI inflation data release. The S&P 500 closed at 5,433.74 (+0.23% DoD) and the DJIA closed at 38,647.1 (-0.17% DoD).

US Treasury yields fell as the unexpected drop in PPI inflation and rise in weekly jobless claims data in the US signaled cooling inflation and labor market conditions. On average, yields fell by 6.20 bps, with the 2Y closing at 4.75% (-8.40 bps) and the 10Y closing at 4.32% (-8.80 bps).

The **US dollar** strengthened after the Fed signaled only one rate cut this year. The DXY closed at 105.20 (+0.53% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,433.74	+0.23%
DJIA	38,647.10	-0.17%
3-mo US Treasury yield	5.40%	+2.30 bps
2-yr US Treasury yield	4.75%	-8.40 bps
10-yr US Treasury yield	4.32%	-8.80 bps
DXY	105.20	+0.53%

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