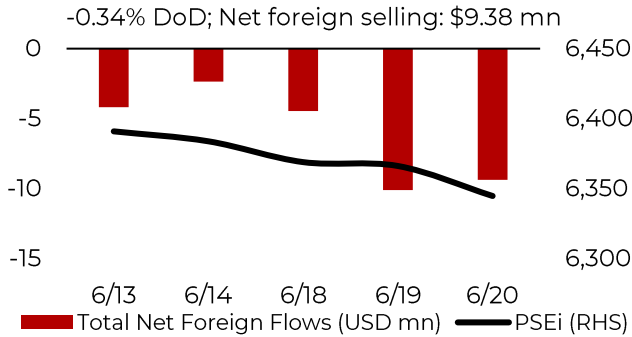


The Morning View

June 21, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,344.56	-0.34%
3-mo bond yield	5.67%	+2.14 bps
2-yr bond yield	6.28%	-0.92 bps
10-yr bond yield	6.70%	-0.07 bps
USDPHP	58.78	+0.04%
Oil (Brent, \$ / barrel)	85.71	+0.75%

The Bangko Sentral ng Pilipinas (BSP) reported that the country's balance of payments (BoP) swung at a surplus of \$2.0 billion in May. This was a turnaround from the \$439-million deficit a year ago. The surplus mostly came from the National Government's net foreign currency deposits with the BSP, which include proceeds from its issuance of global bonds.

Manila Water Co. (PSEi Ticker: MWC) targets to complete Php47 million water mainline upgrade by 4Q24. The upgrade spans EDSA Guadalupe Southbound and will provide a more robust water infrastructure along EDSA.

Local equities declined as the global think tank Economist Impact Asia Pacific's outlook that the Philippine economy would grow below the government's target until 2028 weighed down on market sentiment. The PSEi closed at 6,344.56 (-0.34% DoD).

Local fixed income yields inched down ahead of the release of US weekly jobless claims data. On average, yields fell by 0.08 bps, with the 2Y closing at 6.28% (-0.92 bps) and the 10Y closing at 6.70% (-0.07 bps).

The **Philippine peso** slightly weakened amid the broad US dollar strength and as investors weighed the possibility of the BSP cutting rates before the Fed. The USD/PHP pair closed at 58.78 (+0.04% DoD).

Chicago Fed President Goolsbee said that the Fed may cut policy rates if inflation continues to cool as it did in May. In May, consumer price inflation decelerated to 3.3% YoY. Seasonally adjusted prices were unchanged on a MoM basis.

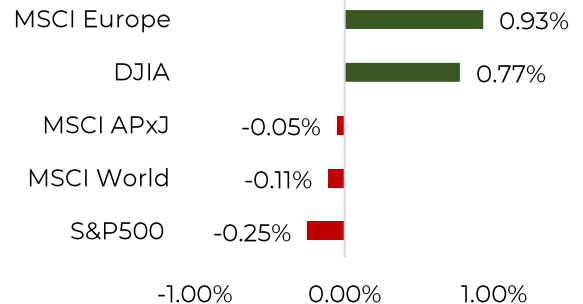
The US Labor Department reported that US weekly jobless claims declined by 5,000 to 238,000 for the week ended June 15. The decrease only partially offsets the previous week's rise to a 10-month high. This was also slightly higher than the market's expectation of 235,000, which suggests a cooling labor market.

US equities closed mixed as chip stocks retreated after Nvidia gave up earlier gains. Investors also digested the latest slew of economic data releases including higher-than-expected weekly jobless claims and sluggish housing starts data. The S&P 500 closed at 5,473.17 (-0.25% DoD) and the DJIA closed at 39,134.76 (+0.77% DoD).

US Treasury yields were mixed after US initial jobless claims declined last week but came out higher than the market's expectation. On average, yields rose by 2.40 bps, with the 2Y closing at 4.74% (+2.30 bps) and the 10Y closing at 4.26% (+3.80 bps).

The **US dollar** strengthened despite the cool labor data release as traders weighed the Swiss National Bank's decision to cut rates by 25 bps to 1.25%. The DXY closed at 105.59 (+0.32% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,473.17	-0.25%
DJIA	39,134.76	+0.77%
3-mo US Treasury yield	5.38%	-0.60 bps
2-yr US Treasury yield	4.74%	+2.30 bps
10-yr US Treasury yield	4.26%	+3.80 bps
DXY	105.59	+0.32%