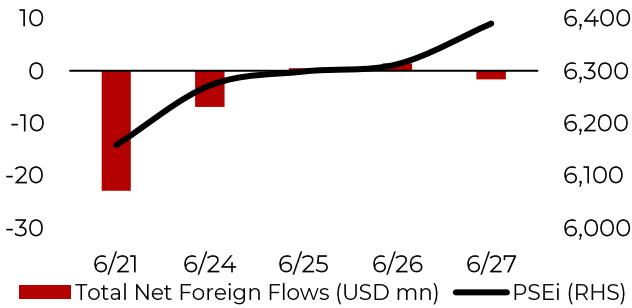


# The Morning View

June 28, 2024

## Philippine Stock Exchange Index

+1.23% DoD; Net foreign selling: \$1.64mn



	Level	DoD
PSEi	6,390.58	+1.23%
3-mo bond yield	5.71%	+0.71 bps
2-yr bond yield	6.26%	+0.15 bps
10-yr bond yield	6.67%	-0.86 bps
USDPHP	58.75	-0.19%
Oil (Brent, \$ / barrel)	86.39	+1.34%

**The Bangko Sentral ng Pilipinas (BSP) maintained its key policy rate at 6.5%, as widely expected.** BSP Governor Remolona signaled that an August rate cut is 'somewhat more likely than before.' He added that the central bank could potentially cut by 25 basis points (bps) in 3Q and another in 4Q depending on inflation.

**Ayala Corp. (PSEi Ticker: AC) has received board approval to issue Php15.0 billion worth of preferred shares.** The offering will have a base issuance of Php10.0 billion with a Php5.0 billion oversubscription option. The proceeds will be used to help fund the company's capital expenditures for the year.

**Local equities** extended its four-day winning streak, tracking Wall Street's overnight gains. Investors also awaited further guidance from the BSP policy meeting after trading hours. The PSEi closed at 6,390.58 (+1.23% DoD).

**Local fixed income yields** were mixed but slightly rose on average as the BSP's Monetary Board maintained the policy rate at 6.5%. On average, yields rose by 0.30 bps, with the 2Y closing at 6.26% (+0.15 bps) and the 10Y closing at 6.67% (-0.86 bps).

The **Philippine peso** strengthened on the back of profit taking following BSP's decision to keep rates on hold during its latest policy meeting. The USD/PHP pair closed at 58.75 (-0.19% DoD).

**Federal Reserve Bank of Atlanta President Bostic sees rate cut towards the end of the year as inflation decelerates.** Bostic said that the April and May prints show evidence of inflation trending towards 2%. However, he remained open to the possibility of cutting more, keeping rates steady, and even hiking rates.

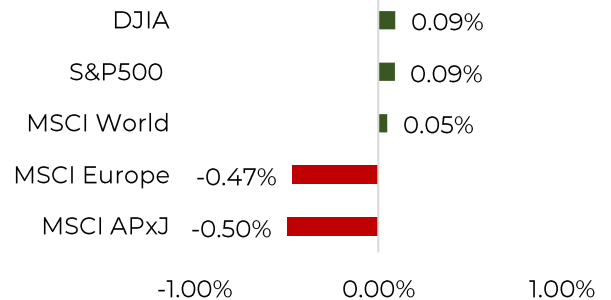
**US Gross Domestic Product (GDP) growth was revised slightly to an annualized rate of 1.4% in 1Q24 (previously 1.3%).** The increase was driven by higher business and government spending, as well as reduced imports. However, consumer spending growth fell from 2.0% to 1.5%, likely due to high interest rates curbing spending.

**US equities** inched up as investors positioned ahead of the release of the May Personal Consumption Expenditures (PCE) report. The S&P 500 closed at 5,482.87 (+0.09% DoD) and the DJIA closed at 39,164.06 (+0.09% DoD).

**US Treasury yields** fell ahead of the US PCE inflation release. Investors also digested the softer-than-expected US personal consumption data for 1Q24 and weaker core capital goods orders for May. On average, yields fell by 3.09 bps, with the 2Y closing at 4.71% (-3.50 bps) and the 10Y closing at 4.29% (-4.30 bps).

The **US dollar** weakened ahead of the US PCE data release and as traders parsed through the US GDP revision which signaled weaker consumer spending. The DXY closed at 105.91 (-0.14% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,482.87	+0.09%
DJIA	39,164.06	+0.09%
3-mo US Treasury yield	5.38%	-0.60 bps
2-yr US Treasury yield	4.71%	-3.50 bps
10-yr US Treasury yield	4.29%	-4.30 bps
DXY	105.91	-0.14%

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