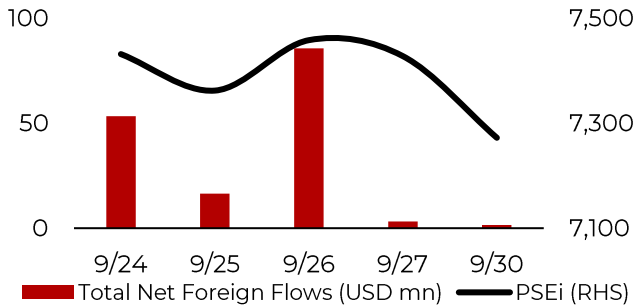


The Morning View

October 1, 2024

Philippine Stock Exchange Index

-2.10% DoD; Net foreign buying: \$1.56mn



Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona said that the reserve requirement ratio (RRR) for universal and commercial banks (UKBs) could drop to zero by the end of his term in 2029 but indicated no timeline. The BSP recently announced the reduction of RRRs for UKBs to 7.00% from 9.50%, effective October 25, 2024.

DMCI Holdings, Inc. (PSE Ticker: DMC) will conduct a Php1.94 billion mandatory tender offer to acquire Cemex Holdings Philippines (CHP). The tender offer will be conducted through Dacon Corp. which will acquire the remaining 10.14% of CHP.

Local equities dropped amid profit-taking and as investors took a cautious stance ahead of key economic data releases this week, including the September local inflation print. The PSEi closed at 7,272.65 (-2.10% DoD).

Local fixed income yields fell ahead of the release of September inflation data later this week. On average, yields fell by 2.80 bps, with the 2Y closing at 5.50% (-2.12 bps) and the 10Y closing at 5.74% (-0.25 bps).

The **Philippine peso** slightly strengthened as traders digested the slower-than-expected US headline Personal Consumption Expenditure inflation print for August. The USD/PHP pair closed at 56.03 (-0.08% DoD).

	Level	DoD
PSEi	7,272.65	-2.10%
3-mo bond yield	5.23%	-2.63 bps
2-yr bond yield	5.50%	-2.12 bps
10-yr bond yield	5.74%	-0.25 bps
USDPHP	56.03	-0.08%
Oil (Brent, \$ / barrel)	71.77	-0.29%

Federal Reserve Chair Jerome Powell signaled that the US central bank will return to its usual quarter-point rate cuts in November. With inflation easing and a resilient labor market, Powell stressed the focus on 'safeguarding the labor market,' which remains strong despite cooling demand.

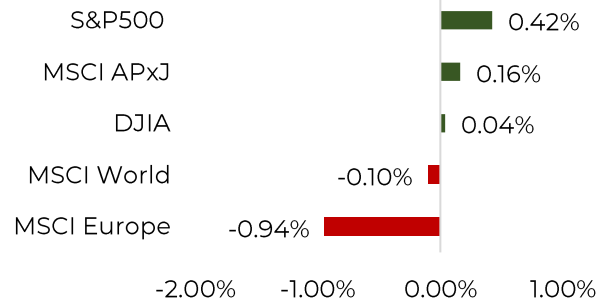
Atlanta Fed President Bostic expressed openness to another 50-bp rate cut in November if upcoming data indicates unnecessary weakening in the labor market. However, he noted that if inflation continues to decline while the labor market remains strong, the Fed could afford to be more patient with policy easing.

US equities rose as Fed Chair Powell said that there is no rush to implement aggressive rate cuts this year as the US economy remains in a solid condition. The S&P 500 closed at 5,762.48 (+0.42% DoD) and the DJIA closed at 42,330.15 (+0.04% DoD).

US Treasury yields rose as investors weighed Fed Chair Powell's comment that the Fed is not on any preset course and will make decisions on a meeting-by-meeting basis. On average, yields rose by 4.14 bps, with the 2Y closing at 3.64% (+8.20 bps) and the 10Y closing at 3.78% (+2.90 bps).

The **US dollar** strengthened as traders weighed remarks from US Fed chair Powell hinting slower rate cuts. The DXY closed at 100.78 (+0.40% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,762.48	+0.42%
DJIA	42,330.15	+0.04%
3-mo US Treasury yield	4.64%	+1.80 bps
2-yr US Treasury yield	3.64%	+8.20 bps
10-yr US Treasury yield	3.78%	+2.90 bps
DXY	100.78	+0.40%

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