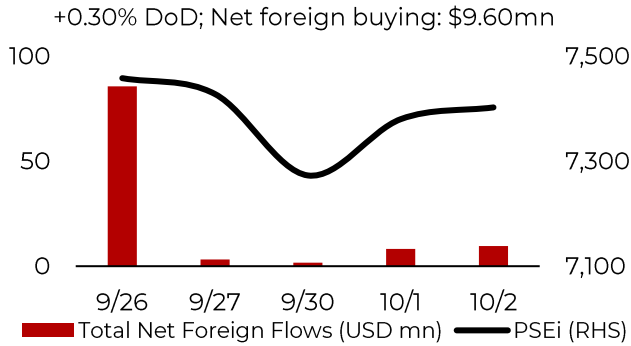


# The Morning View

October 3, 2024

## Philippine Stock Exchange Index



	Level	DoD
PSEi	7,402.81	+0.30%
3-mo bond yield	5.19%	-2.52 bps
2-yr bond yield	5.46%	-0.79 bps
10-yr bond yield	5.66%	+1.38 bps
USDPHP	56.18	+0.06%
Oil (Brent, \$ / barrel)	73.90	+0.46%

**The International Monetary Fund (IMF) lowered its gross domestic product (GDP) growth forecasts for the Philippines, citing elevated inflation to continue weighing on domestic demand.** IMF cut its projections to 5.8% (from 6.0%) and 6.1% (from 6.2%) in 2024 and 2025, respectively. These estimates fall short of the government's targets of 6-7% for 2024 and 6.5-7.5% for 2025.

**The New NAIA Infrastructure Corp., led by San Miguel Corp. (PSE Ticker: SMC), will collect higher landing and take-off fees starting this October.** Transportation Secretary Jaime Bautista said that the fee increase is almost double, but this would be the first increase in 24 years.

**Local equities** rose despite concerns over escalating Middle East tensions as investors remained optimistic about the upcoming September local inflation print. The PSEi closed at 7,402.81 (+0.30% DoD).

**Local fixed income yields** were mixed but fell on average amid rising geopolitical tensions in the Middle East and ahead of the local inflation data. On average, yields fell by 3.42 bps, with the 2Y closing at 5.46% (-0.79 bps) and the 10Y closing at 5.66% (+1.38 bps).

The **Philippine peso** slightly weakened as escalating tensions in the Middle East fueled risk-off sentiment. The USD/PHP pair closed at 56.18 (+0.06% DoD).

**US private payrolls grew by 143,000 in September (August: revised 103,000), above the consensus estimate of 125,000 and pointing to a resilient labor market.** Stronger-than-expected job gains were mainly driven by hiring in the construction, leisure and hospitality, and education and health services sectors.

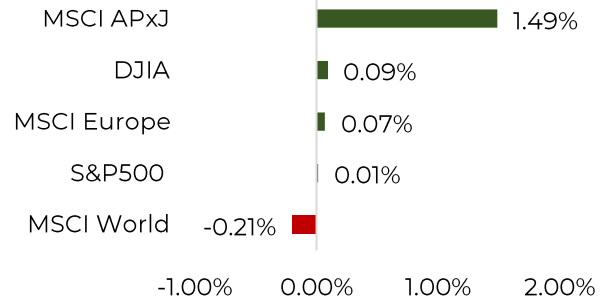
**Richmond Fed President Barkin cautioned that inflation may remain sticky next year.** He added that he supported the 50-bp rate cut last September and remained "open-minded" on how fast rates could further fall.

**US equities** inched up after the latest private payrolls data beat expectations in September and signaled a resilient labor market. However, gains were tempered by fears over the escalating Middle East tensions. The S&P 500 closed at 5,709.54 (+0.01% DoD) and the DJIA closed at 42,196.52 (+0.09% DoD).

**US Treasury yields** rose as investors weighed the above-consensus US private payrolls data and cautious comments from Fed policymaker Barkin. On average, yields rose by 2.72 bps, with the 2Y closing at 3.65% (+3.70 bps) and the 10Y closing at 3.79% (+5.20 bps).

The **US dollar** strengthened on safe-haven demand, driven by rising concerns over the escalating geopolitical conflict in the Middle East. The DXY closed at 101.68 (+0.48% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,709.54	+0.01%
DJIA	42,196.52	+0.09%
3-mo US Treasury yield	4.60%	+1.00 bps
2-yr US Treasury yield	3.65%	+3.70 bps
10-yr US Treasury yield	3.79%	+5.20 bps
DXY	101.68	+0.48%

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