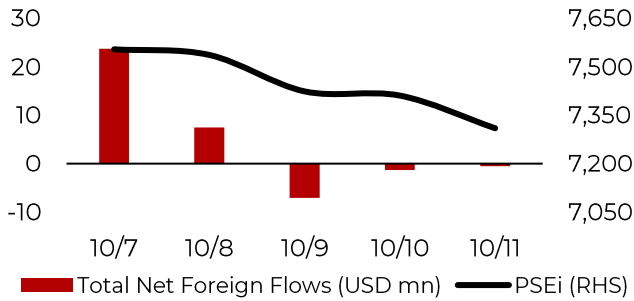


The Morning View

October 14, 2024

Philippine Stock Exchange Index

-1.36% DoD; Net foreign selling: \$0.48mn



	Level	DoD
PSEi	7,310.32	-1.36%
3-mo bond yield	5.04%	-1.97 bps
2-yr bond yield	5.56%	-0.18 bps
10-yr bond yield	5.73%	-3.21 bps
USDPHP	57.21	-0.27%
Oil (Brent, \$ / barrel)	79.04	-0.45%

BusinessWorld poll showed that analysts expect the Bangko Sentral ng Pilipinas (BSP) to cut rates by 25 bps at its October policy meeting. This is on the back of September inflation falling below market estimates and the BSP's forecast range. Moreover, analysts said that policy easing will likely be done gradually.

Manila Electric Co.'s (PSE Ticker: MER) retail electricity supplier affiliate, Vantage Energy Solutions and Management, Inc., will power Pepsi-Cola Products Philippines, Inc.'s (PCPPI) facilities. The new partnership will energize PCPPI's five manufacturing facilities across Luzon and Visayas.

Local equities fell as the higher-than-expected US inflation data dampened investors' sentiment. All sectoral indices closed in the red, with the biggest losses seen in Property. The PSEi closed at 7,310.32 (-1.36% DoD).

Local fixed income yields declined following dovish comments from Fed policymaker Williams that more rate cuts lie ahead. On average, yields fell by 2.06 bps, with the 2Y closing at 5.56% (-0.18 bps) and the 10Y closing at 5.73% (-3.21 bps).

The **Philippine peso** strengthened ahead of the BSP's monetary board meeting this week. Traders also digested the deceleration of the US Consumer Price Index inflation to 2.4% in September. The USD/PHP pair closed at 57.21 (-0.27% DoD).

Japanese Prime Minister Shigeru Ishiba remarked that he will not intervene in the Bank of Japan's monetary policy affairs. He said that "it's important to avoid vocally intervening." PM Ishiba also called the need for measures to boost real wages and noted that the strength in consumption is key to achieving a sustained exit from deflation.

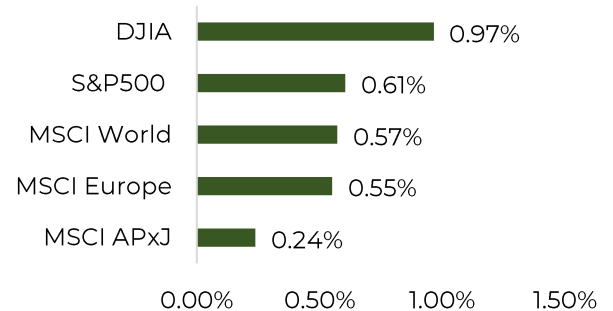
US producer price index (PPI) inflation cools to 1.8% YoY in September (August: revised 1.9%), the smallest gain in seven months. Month-on-month, producer prices were unchanged, as the decline in energy costs offset the increase in food prices.

US equities surged to record highs as major financial institutions JPMorgan Chase and Wells Fargo recorded a strong start to the third-quarter earnings season. The S&P 500 closed at 5,815.03 (+0.61% DoD) and the DJIA closed at 42,863.86 (+0.97% DoD).

US Treasury yields closed mixed as investors digested the hotter-than-expected September PPI inflation print. Traders also weighed the latest minutes of the Fed's meeting. On average, yields rose by 1.89 bps, with the 2Y closing at 3.96% (-0.10 bps) and the 10Y closing at 4.10% (+3.70 bps).

The **US dollar** slightly weakened as traders digested the slower US PPI in September and the drop in US consumer confidence in October. The DXY closed at 102.89 (-0.10% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,815.03	+0.61%
DJIA	42,863.86	+0.97%
3-mo US Treasury yield	4.64%	-0.80 bps
2-yr US Treasury yield	3.96%	-0.10 bps
10-yr US Treasury yield	4.10%	+3.70 bps
DXY	102.89	-0.10%

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