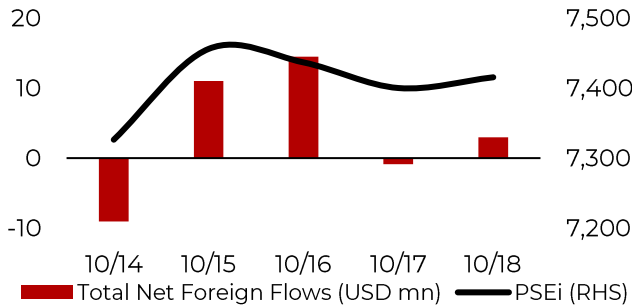


The Morning View

October 21, 2024

Philippine Stock Exchange Index

+0.21% DoD; Net foreign buying: \$3.02mn



	Level	DoD
PSEi	7,415.73	+0.21%
3-mo bond yield	5.15%	+7.43 bps
2-yr bond yield	5.51%	-0.27 bps
10-yr bond yield	5.74%	+0.34 bps
USDPHP	57.51	-0.50%
Oil (Brent, \$ / barrel)	73.06	-1.87%

The Bangko Sentral ng Pilipinas (BSP) reported that the Philippines' posted a balance of payments (BoP) surplus of \$3.526 billion in September. This was a turnaround from the \$414-million deficit from a year ago. The surplus reflected the inflows from the government's net foreign currency deposits and the BSP's income from investments abroad.

Ayala Corp. (PSE Ticker: AC) sold 50% of its stake in AC ventures to Mitsubishi Corp for Php18.4 billion. With the acquisition, Mitsubishi will effectively pour in capital in Mynt, in which AC Ventures holds about 13% stake.

Local equities rose as upbeat 3Q24 corporate earnings results lifted investors' sentiment. Ayala-led Bank of the Philippine Islands kicked off the earnings season with record-high profits in 9M24. The PSEi closed at 7,415.73 (+0.21% DoD).

Local fixed income yields closed mixed as the stronger-than-expected retail sales and lower weekly jobless claims data in the US supported expectations of less aggressive Fed rate cuts ahead. On average, yields rose by 1.73 bps, with the 2Y closing at 5.51% (-0.27 bps) and the 10Y closing at 5.74% (+0.34 bps).

The **Philippine peso** strengthened as investors weighed the September BoP surplus and after the US reinforced ceasefire talks in the Middle East. The USD/PHP pair closed at 57.51 (-0.50% DoD).

China's 3Q24 Gross Domestic Product (GDP) grew by 4.6% YoY (2Q24: 4.7%). This was higher than street expectations of 4.5% YoY, but below the government's full year target of 5%. The growth was primarily driven by strong retail sales and factory output but was dragged by the property segment.

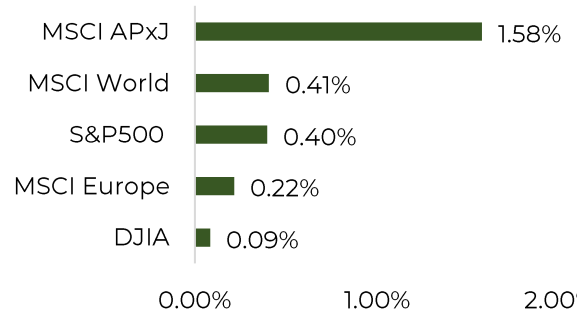
The US' budget deficit grew by 8% YoY to \$1.83 trillion in the fiscal year ending September 2024. The wider gap was mainly due to higher outlays, including interest expense amid elevated rates and public debt. The budget deficit is above 6% of US GDP.

US equities climbed on upbeat corporate earnings and broad gains in tech stocks. The communication services sector led gains, driven by Netflix's 11.1% surge after beating growth estimates. The S&P 500 closed at 5,864.67 (+0.40% DoD) and the DJIA closed at 43,275.91 (+0.09% DoD).

US Treasury yields fell as investors digested the declines in housing starts and building permits in September. On average, yields fell by 1.11 bps, with the 2Y closing at 3.95% (-2.40 bps) and the 10Y closing at 4.09% (-0.80 bps).

The **US Dollar** weakened amid profit-taking after five days of gains. Traders also digested the decline in US housing starts and building permits in September. The DXY closed at 103.49 (-0.32% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,864.67	+0.40%
DJIA	43,275.91	+0.09%
3-mo US Treasury yield	4.64%	-0.70 bps
2-yr US Treasury yield	3.95%	-2.40 bps
10-yr US Treasury yield	4.09%	-0.80 bps
DXY	103.49	-0.32%

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