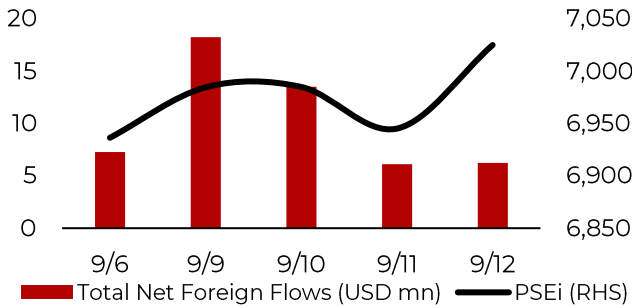


# The Morning View

September 13, 2024

## Philippine Stock Exchange Index

+1.15% DoD; Net foreign buying: \$6.20mn



	Level	DoD
PSEi	7,024.67	+1.15%
3-mo bond yield	5.87%	+0.35 bps
2-yr bond yield	6.01%	-0.31 bps
10-yr bond yield	6.14%	+0.15 bps
USDPHP	56.20	+0.40%
Oil (Brent, \$ / barrel)	71.97	+1.93%

**The World Bank estimates that the Philippines' gross domestic product (GDP) will grow by 5.8% YoY in 2024.** If realized, this remains below the government's 6-7% growth target for the year. Nonetheless, World Bank lead economist Varela expressed increased confidence that easing inflation and potential rate cuts could boost household consumption and support growth.

**San Miguel Corp. (PSE Ticker: SMC) looks to develop Caticlan resort project through a partnership.** The development of the resort is part of SMC's plan to cater to the growing tourism in the area.

**Local equities** rose amid strong foreign buying and expectations that the US Federal Reserve will start reducing policy rates next week. The PSEi closed at 7,024.67 (+1.15% DoD).

**Local fixed income yields** rose on average following mixed US inflation results. While US headline inflation settled within expectations, core inflation accelerated by 0.3% MoM, faster than expectations. On average, yields rose by 0.35 bps, with the 2Y closing at 6.01% (-0.31 bps) and the 10Y closing at 6.14% (+0.15 bps).

The **Philippine peso** weakened as the faster-than-expected US core Consumer Price Index (CPI) inflation print of 0.3% MoM in August dampened bets of a deeper 50-bp September rate cut from the US Fed. The USD/PHP pair closed at 56.20 (+0.40% DoD).

**The European Central Bank (ECB) cut its deposit rate by 25 bps to 3.5%,** the second rate cut this year. ECB President Lagarde acknowledged that inflation has decelerated but cautioned that inflation may quicken later this year amid high wages.

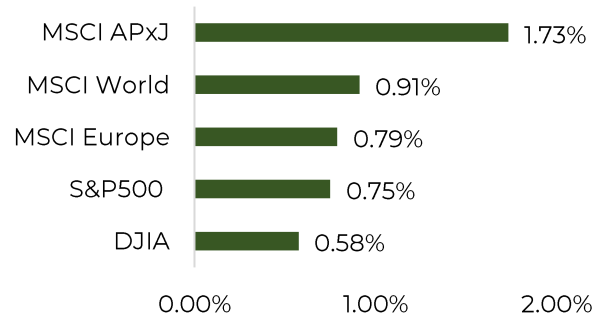
**US weekly jobless claims slightly increased to 230,000 for the week ending August 10, up from a revised 228,000 the previous week.** This marginal rise exceeded market expectations of 227,000, indicating that layoffs remain relatively low despite signs of a cooling labor market.

**US equities** rose as megacap tech and semiconductor stocks extended their rally. Investors also continued to digest the August CPI inflation report, which reinforced bets of a 25-bp cut from the Fed next week. The S&P 500 closed at 5,595.76 (+0.75% DoD) and the DJIA closed at 41,096.77 (+0.58% DoD).

**US Treasury yields** closed mixed as investors weighed the latest US CPI and Producer Price Index (PPI) inflation data which dashed hopes of a larger Fed rate cut. On average, yields rose by 0.42 bps, with the 2Y closing at 3.64% (-0.10 bps) and the 10Y closing at 3.68% (+2.10 bps).

The **US dollar** weakened as traders continued to digest the continued deceleration of US CPI inflation in August. The DXY closed at 101.37 (-0.31% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,595.76	+0.75%
DJIA	41,096.77	+0.58%
3-mo US Treasury yield	4.98%	-3.00 bps
2-yr US Treasury yield	3.64%	-0.10 bps
10-yr US Treasury yield	3.68%	+2.10 bps
DXY	101.37	-0.31%

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