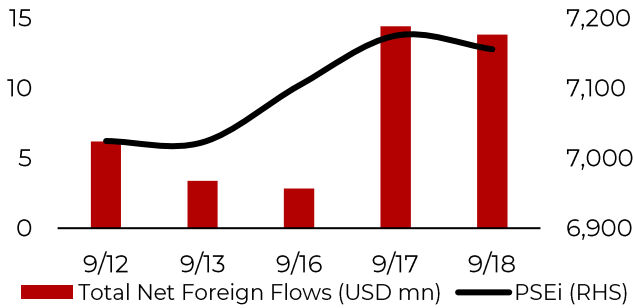


The Morning View

September 19, 2024

Philippine Stock Exchange Index

-0.27% DoD; Net foreign buying: \$13.85mn



	Level	DoD
PSEi	7,155.90	-0.27%
3-mo bond yield	5.74%	-5.40 bps
2-yr bond yield	5.90%	-3.99 bps
10-yr bond yield	5.96%	-2.86 bps
USDPHP	55.72	+0.04%
Oil (Brent, \$ / barrel)	73.65	-0.07%

The Bangko Sentral ng Pilipinas (BSP) plans to substantially reduce the reserve requirement ratio (RRR) for banks by end-2024, with further cuts expected in 2025. This move aims to boost lending and stimulate economic growth, but the impact may take time due to delayed market responses. The BSP previously lowered the RRR for major banks to 9.5% last June 2023.

ACEN Corp. (PSE Ticker: ACEN) partners with Ayala Healthcare Holdings, Inc. (AC Health) to power its medical facilities. ACEN will supply renewable energy to six Healthway Medical Network facilities. It is projected to avoid an estimated 68,360 tons of carbon dioxide in emissions.

Local equities fell amid last-minute profit taking after a two-day rally. Investors also turned cautious ahead of the policy decision of the US Federal Reserve overnight. The PSEi closed at 7,155.90 (-0.27% DoD).

Local fixed income yields fell as investors positioned ahead of the Fed policy meeting. The market widely expected a rate cut from the Fed overnight. On average, yields fell by 3.26 bps, with the 2Y closing at 5.90% (-3.99 bps) and the 10Y closing at 5.96% (-2.86 bps).

The **Philippine peso** was flat ahead of the US Fed's policy decision. The USD/PHP pair closed at 55.72 (+0.04% DoD).

The US Federal Reserve cut its policy rate by 50 bps to the 4.75%-5.00% range amid greater confidence on inflation's downward trend. Fed Chair Powell said that the significant cut is a way to stay ahead of any weakening in the jobs market. The Fed guided for another 50-bp cut this year and a 100-bp cut next year.

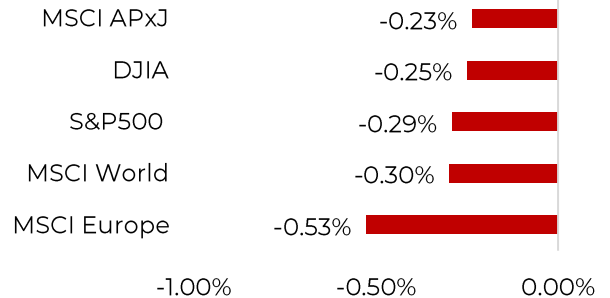
US 30-year average fixed-rate mortgage rate dips to 6.15% last week, a two-year low. Rates dropped ahead of the anticipated rate cut from the US Federal Reserve. Home loan applications for purchases and refinancing also went up last week amid lower borrowing costs.

US equities edged lower after traders initially cheered the Fed's oversized policy rate cut but eventually digested concerns of a potential economic weakness. The S&P 500 closed at 5,618.26 (-0.29% DoD) and the DJIA closed at 41,503.10 (-0.25% DoD).

US Treasury yields were mixed but rose on average as investors weighed the US Fed's first rate cut since March 2020 as well as remarks from Fed Chair Powell who stated that he does not see any indication of a recession. On average, yields rose by 0.51 bps, with the 2Y closing at 3.62% (+1.60 bps) and the 10Y closing at 3.71% (+5.70 bps).

The **US dollar** weakened as traders weighed the Fed's decision to cut policy rates by 50 bps. The DXY closed at 100.60 (-0.30% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,618.26	-0.29%
DJIA	41,503.10	-0.25%
3-mo US Treasury yield	4.77%	-9.70 bps
2-yr US Treasury yield	3.62%	+1.60 bps
10-yr US Treasury yield	3.71%	+5.70 bps
DXY	100.60	-0.30%

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