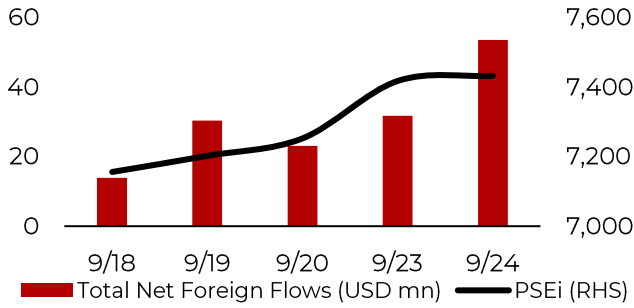


The Morning View

September 25, 2024

Philippine Stock Exchange Index

+0.20% DoD; Net foreign buying: \$53.46mn



	Level	DoD
PSEi	7,432.21	+0.20%
3-mo bond yield	5.24%	-13.70 bps
2-yr bond yield	5.59%	-1.29 bps
10-yr bond yield	5.74%	+5.11 bps
USDPHP	56.25	+0.49%
Oil (Brent, \$ / barrel)	75.17	+1.72%

Finance Secretary Ralph Recto stated that September inflation is likely to ease to 2.5%, providing room for further interest rate cuts by the central bank. However, he cautioned that rising geopolitical tensions in the Middle East may complicate the inflation outlook as it may drive up global oil prices. The official September inflation figure will be released on October 4, 2024.

San Miguel Corp.'s (PSE Ticker: SMC) power unit is planning to offer up to \$100 million in senior perpetual capital securities. The proceeds will primarily be used for the pre-development costs of solar energy projects and battery energy storage projects.

Local equities continued to rise amid positive spillover from the strong performance of Wall Street overnight. The local market also digested China's announcement of new stimulus measures. The PSEi closed at 7,432.21 (+0.20% DoD).

Local fixed income yields ended mixed as investors digested Department of Finance (DOF) Secretary Ralph Recto's remark that September inflation likely eased to 2.5%. On average, yields fell by 7.94 bps, with the 2Y closing at 5.59% (-1.29 bps) and the 10Y closing at 5.74% (+5.11 bps).

The **Philippine peso** weakened following Finance Secretary Ralph Recto's comment that the BSP can cut interest rates further. The USD/PHP pair closed at 56.25 (+0.49% DoD).

US consumer confidence index dropped to 98.7 in September from 105.6 in August amid labor market concerns. The Conference Board's survey also showed that consumers were concerned about a weakening labor market and expectations of inflation rising in the coming year.

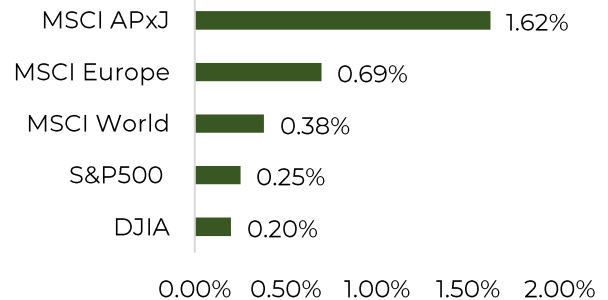
Fed Governor Michelle Bowman explained her dissent over the September 50-bp rate cut, expressing concerns that the move might reignite inflation. While Bowman agrees with the need for rate cuts, she advocated for a 25-bp cut and warned that the larger cut could signal premature victory in the Fed's inflation battle.

US equities rose to fresh highs as investors focused on the announcement of China's stimulus package. However, gains were capped by the decline in the US consumer confidence in September. The S&P 500 closed at 5,732.93 (+0.25% DoD) and the DJIA closed at 42,208.22 (+0.20% DoD).

US Treasury yields fell after weaker-than-expected consumer confidence data renewed concerns of an economic slowdown. On average, yields fell by 2.87 bps, with the 2Y closing at 3.54% (-4.90 bps) and the 10Y closing at 3.73% (-2.10 bps).

The **US dollar** weakened as traders weighed the the soft consumer confidence data and various remarks from Fed officials who signaled further rate cuts. The DXY closed at 100.47 (-0.38% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,732.93	+0.25%
DJIA	42,208.22	+0.20%
3-mo US Treasury yield	4.63%	+0.10 bps
2-yr US Treasury yield	3.54%	-4.90 bps
10-yr US Treasury yield	3.73%	-2.10 bps
DXY	100.47	-0.38%

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