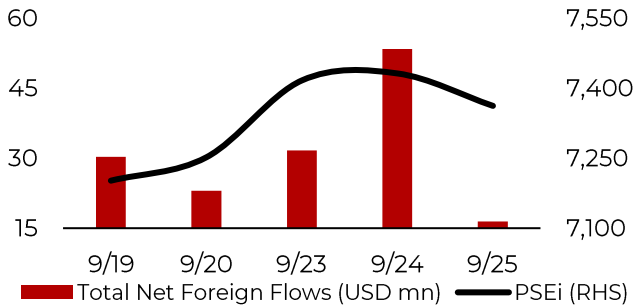


The Morning View

September 26, 2024

Philippine Stock Exchange Index

-0.94% DoD; Net foreign buying: \$16.41mn



	Level	DoD
PSEi	7,362.62	-0.94%
3-mo bond yield	5.27%	+3.05 bps
2-yr bond yield	5.58%	-0.95 bps
10-yr bond yield	5.79%	+4.32 bps
USDPHP	55.88	-0.65%
Oil (Brent, \$ / barrel)	73.46	-2.27%

Bangko Sentral ng Pilipinas (BSP) Governor Remolona signaled that the central bank may further reduce its policy rate to 5.75% by year-end. He noted that the BSP will remain data dependent, but for now he sees room to reduce rates by 25 basis points in each of its October and December meetings.

The House of Representatives approved on second reading a bill extending Manila Electric Co's (PSE Ticker: MER) franchise for another 25 years. According to Albay Rep. Jose Ma. Clemente Salceda, MER was noted to have complied with its "least cost, efficiency, and reasonable price mandates.

Local equities snapped its four-day rally amid investors' profit-taking and weaker net foreign buying. The PSEi closed at 7,362.62 (-0.94% DoD).

Local fixed income yields ended mixed ahead of key inflation data in the US. Investors also weighed a US Conference Board Survey which showed consumers' rising concerns over a softening labor market and higher 12-month inflation expectations. On average, yields rose by 1.05 bps, with the 2Y closing at 5.58% (-0.95 bps) and the 10Y closing at 5.79% (+4.32 bps).

The **Philippine peso** strengthened amid increased bets of aggressive rate cuts from the Fed following soft US consumer confidence data. The USD/PHP pair closed at 55.88 (-0.65% DoD).

US new home sales fell by 4.7% in August to 716,000, down from an upwardly revised 751,000 in July. This was also below the market consensus estimate of 700,000 as the decline in mortgage rates and median housing prices helped stimulate demand.

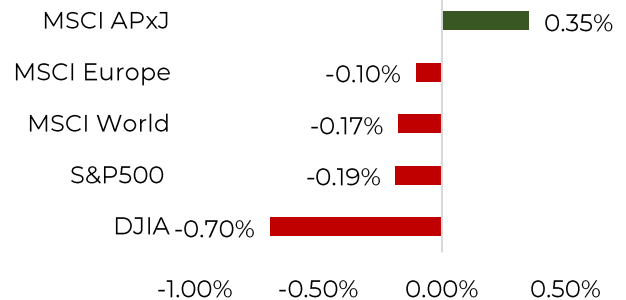
Federal Reserve Governor Adriana Kugler expressed strong support for the recent 50-bp Fed rate cut, emphasizing the need to balance progress on disinflation while avoiding undue weakness in the labor market. She added that she will support further cuts but did not give any detail as to the pace and timing.

US equities slipped from recent highs amid cautious sentiment as investors awaited the August personal consumption expenditures (PCE) price index this week, which could determine the Fed's next policy move. The S&P 500 closed at 5,722.26 (-0.19% DoD) and the DJIA closed at 41,914.75 (-0.70% DoD).

US Treasury yields rose ahead of upcoming key US jobs and inflation data releases. On average, yields rose by 3.74 bps, with the 2Y closing at 3.56% (+1.90 bps) and the 10Y closing at 3.79% (+5.50 bps).

The **US dollar** strengthened as traders positioned ahead of the August PCE inflation data release this week. The DXY closed at 100.91 (+0.44% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,722.26	-0.19%
DJIA	41,914.75	-0.70%
3-mo US Treasury yield	4.62%	-0.40 bps
2-yr US Treasury yield	3.56%	+1.90 bps
10-yr US Treasury yield	3.79%	+5.50 bps
DXY	100.91	+0.44%

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