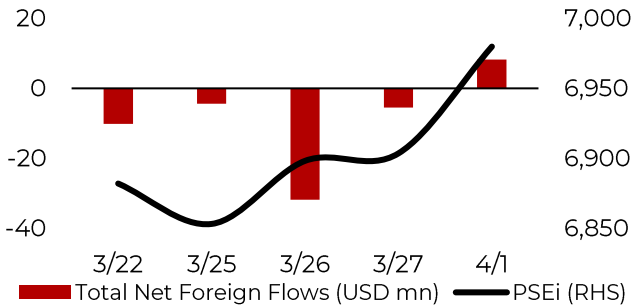


The Morning View

April 2, 2024

Philippine Stock Exchange Index

+1.10% DoD; Net foreign buying: \$8.26mn



	Level	DoD
PSEi	6,979.81	+1.10%
3-mo bond yield	5.73%	-0.02 bps
2-yr bond yield	6.05%	+0.34 bps
10-yr bond yield	6.23%	+0.17 bps
USDPHP	56.255	+0.03%
Oil (Brent, \$ / barrel)	87.42	-0.07%

The Bangko Sentral ng Pilipinas projects March inflation to settle within 3.4% to 4.2%, a median forecast of 3.8%. The central bank sees higher prices of rice, meat, oil, and electricity to be the main drivers of inflation. These are offset by lower prices of fruits, vegetables, and fish as well as a stronger peso.

DMCI Holdings, Inc. (Ticker: DMC) has allocated Php59.1 billion for capital expenditures in 2024. Php31 billion of which is earmarked for Maynilad Water Services, Inc. to fund its water and wastewater service obligations for the year.

Local equities gained as investors digested positive economic developments overseas. These include the slower Personal Consumption Expenditures (PCE) inflation data in the US and expansion of manufacturing activity in China. The PSEi closed at 6,979.81 (+1.10% DoD).

Local fixed income yields ended mixed as investors remained cautious amid the uncertainties over the timing of rate cuts in the US. On average, yields fell by 0.64 bps, with the 2Y closing at 6.05% (+0.34 bps) and the 10Y closing at 6.23% (+0.17 bps).

The **Philippine peso** remained relatively flat ahead of a potentially higher March local inflation data. Investors also digested the slower February US PCE inflation release. The USD/PHP pair closed at 56.26 (+0.03% DoD).

The US ISM Manufacturing Purchasing Managers' Index (PMI) rose to 50.3 in March (February: 47.8) as production sharply rebounded and new orders increased. The reading was above 50.0 for the first time after 16 months of contraction, suggesting an expansion and recovery of the manufacturing sector.

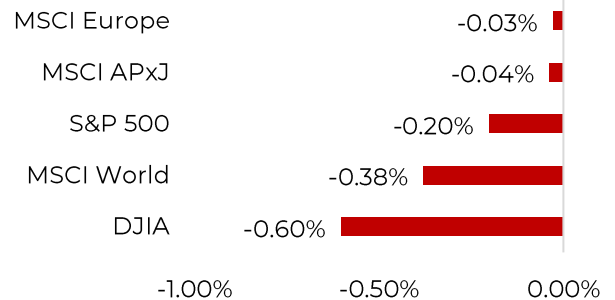
China's Caixin Manufacturing PMI expanded at the fastest pace in 13 months to 51.1 in March (February: 50.9). The increase was driven by growing new orders and manufacturers' output, reflecting improved demand locally and abroad.

US equities fell amid worries over the timing of policy rate cuts from the Fed after the US manufacturing data showed a faster-than-expected expansion. The S&P 500 closed at 5,243.77 (-0.20% DoD) and the DJIA closed at 39,566.85 (-0.60% DoD).

US Treasury yields rose as investors weighed the faster-than-expected US manufacturing PMI and remarks from Fed Chair Powell stating that there is no rush to cut rates. On average, yields rose by 7.60 bps, with the 2Y closing at 4.71% (+8.50 bps) and the 10Y closing at 4.31% (+11.10 bps).

The **US dollar** strengthened following hawkish statements from Fed Chair Powell and the faster-than-expected US manufacturing activity. The DXY closed at 105.02 (+0.51% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,243.77	-0.20%
DJIA	39,566.85	-0.60%
3-mo US Treasury yield	5.38%	+0.40 bps
2-yr US Treasury yield	4.71%	+8.50 bps
10-yr US Treasury yield	4.31%	+11.10 bps
DXY	105.02	+0.51%

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