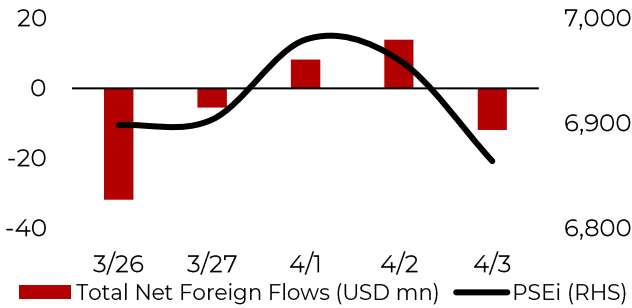


The Morning View

April 4, 2024

Philippine Stock Exchange Index

-1.39% DoD; Net foreign selling: \$11.89mn



	Level	DoD
PSEi	6,863.82	-1.39%
3-mo bond yield	5.75%	-0.39 bps
2-yr bond yield	6.07%	+1.95 bps
10-yr bond yield	6.28%	+4.53 bps
USDPHP	56.45	+0.23%
Oil (Brent, \$ / barrel)	89.35	+0.48%

The **Department of Agriculture** expects rice prices to remain elevated until midyear amid the lingering effects of El Niño. The DA estimates that El Niño caused Php1.7 billion worth of damage to rice, given how water-intensive the crop is.

Jollibee Foods Corporation (Ticker: JFC) eyes to invest Singapore \$90 million (~Php3.75 billion) to expand its Asian business through Titan Fund II. JFC will have a 90% participating interest in the fund with a total size of S\$100 million, which will be used to finance strategic investments in food and beverage concepts.

Local equities dropped amid tempered rate cut bets following cautious remarks from Fed officials and strong economic data in the US. Investors also turned cautious before the release of the March local inflation print. The PSEi closed at 6,863.82 (-1.39% DoD).

Local fixed income yields rose as investors weighed Fed Chair Powell's cautious remarks that rate cuts will only occur once a sustainable downtrend in inflation is observed. On average, yields rose by 0.72 bps, with the 2Y closing at 6.07% (+1.95 bps) and the 10Y closing at 6.28% (+4.53 bps).

The **Philippine peso** weakened after several Fed officials urged caution over the timing of policy rate cuts amid strong US economic data. The USD/PHP pair closed at 56.45 (+0.23% DoD).

The US ISM services Purchasing Managers' Index (PMI) fell to 51.4 in March (February: 52.6) amid slower new orders. The reading stayed above 50 for the fifteenth consecutive month but was the weakest in three months. This suggests the continued expansion of the services sector, albeit at a slower pace.

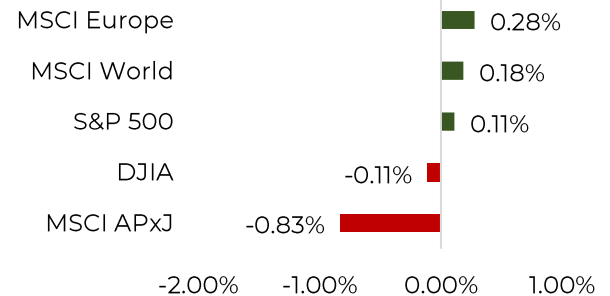
US Federal Reserve Chairman Jerome Powell said that he and his fellow officials are in no rush to cut rates. This was as recent readings on job gains and inflation came in higher than expected. He also highlighted the need for more evidence of cooling inflation before the central bank starts cutting rates.

US equities ended mixed as investors weighed Fed Chair Powell's cautious remarks and the slowing growth in the US services sector. The S&P 500 closed at 5,211.49 (+0.11% DoD) and the DJIA closed at 39,127.14 (-0.11% DoD).

US Treasury yields were relatively flat amid mixed remarks from various Fed officials which highlighted the uncertainty over the timing of rate cuts. On average, yields fell by 0.27 bps, with the 2Y closing at 4.67% (-1.70 bps) and the 10Y closing at 4.35% (-0.20 bps).

The **US dollar** weakened after the US ISM services PMI fell to its weakest level in three months. The decline was slightly offset by hawkish remarks from Fed Chair Powell. The DXY closed at 104.25 (-0.54% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,211.49	+0.11%
DJIA	39,127.14	-0.11%
3-mo US Treasury yield	5.37%	-0.30 bps
2-yr US Treasury yield	4.67%	-1.70 bps
10-yr US Treasury yield	4.35%	-0.20 bps
DXY	104.25	-0.54%

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