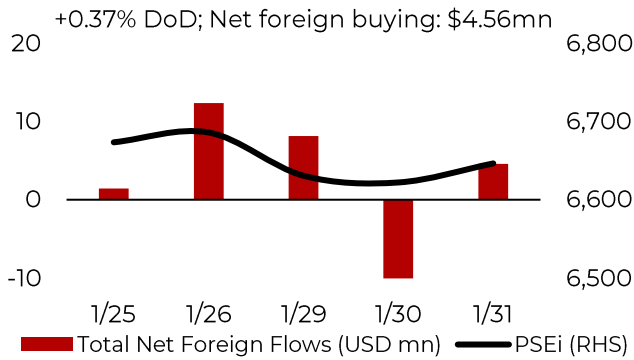


The Morning View

February 1, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,646.44	+0.37%
3-mo bond yield	5.45%	+0.38 bps
2-yr bond yield	5.97%	-0.20 bps
10-yr bond yield	6.18%	-0.66 bps
USDPHP	56.28	-0.22%
Oil (Brent, \$ / barrel)	81.71	-1.40%

The Philippines' gross domestic product (GDP) grew by 5.6% in 4Q23, bringing the full year growth to 5.6% in 2023. According to the Philippine Statistics Authority (PSA), the sustained growth in household consumption and the recovery in gross capital formation had offset the decline in government spending and exports.

Aboitiz Equity Ventures Inc. (Ticker: AEV) reported that the Aboitiz Group and Coca-Cola Europacific Partners plc have received approval from PCC to acquire Coca-Cola Beverages Philippines, Inc. for \$1.8 billion. This investment would result in AEV having a 40% beneficial ownership stake in the company. The acquisition is expected to be completed by the end of February.

Local equities slightly gained after PH GDP data surprised to the upside. The PSEi closed at 6,646.44 (+0.37% DoD).

Local fixed income yields ended mixed following the release of the full-year GDP growth print of 5.6%. This was also after the BSP's latest forecast that showed local inflation likely settling within 2.8%-3.6% in January. On average, yields rose by 0.32 bps, with the 2Y closing at 5.97% (-0.20 bps) and the 10Y closing at 6.18% (-0.66 bps).

The **Philippine peso** strengthened amid optimism after the 4Q23 PH economic growth surprised to the upside. The USD/PHP pair closed at 56.40 (+0.23% DoD).

The US Federal Reserve kept its policy rate steady between 5.25-5.5% and stressed it will not cut rates until it is more confident in the sustainability of the inflation downtrend. Chairman Jerome Powell stated that a rate cut is unlikely at the March meeting but acknowledged the possibility later this year.

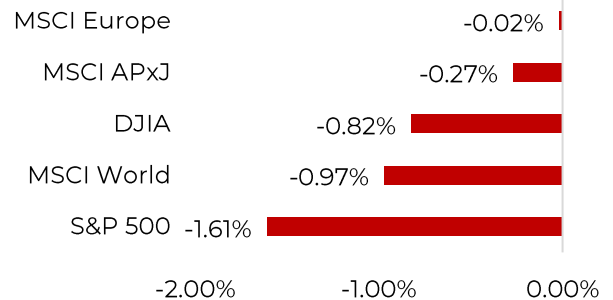
China's manufacturing PMI remained in contractionary territory for the 4th straight month but slightly rose to 49.2 in January (Dec: 49.0). The below-50 reading indicates a contraction in activity, driven by a decline in new orders, weak external demand, and a challenged macroeconomic environment.

US equities declined on the back of hawkish remarks from Fed Chair Powell, pushing back the market's expectation of a March policy rate cut. The S&P 500 closed at 4,845.65 (-1.61% DoD) and the DJIA closed at 38,150.30 (-0.82% DoD).

US Treasury yields continued to fall as the Fed pushed back against March rate cuts. However, Chairman Powell signalled that the policy rate is likely at its peak and may be cut some time this year. On average, yields fell by 8.64 bps, with the 2Y closing at 4.21% (-12.60 bps) and the 10Y closing at 3.91% (-12.00 bps).

The **US dollar** slightly weakened after the US Fed decided to keep rates steady during its latest policy meeting. The DXY closed at 103.27 (-0.12% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,845.65	-1.61%
DJIA	38,150.30	-0.82%
3-mo US Treasury yield	5.38%	+0.70 bps
2-yr US Treasury yield	4.21%	-12.60 bps
10-yr US Treasury yield	3.91%	-12.00 bps
DXY	103.27	-0.12%

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