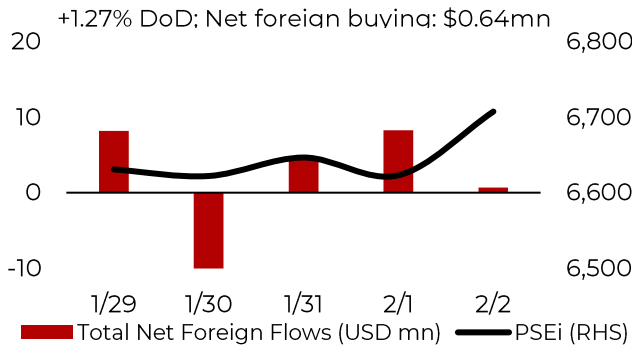


The Morning View

February 5, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,707.25	+1.27%
3-mo bond yield	5.44%	-0.95 bps
2-yr bond yield	5.98%	+0.86 bps
10-yr bond yield	6.14%	-0.61 bps
USDPHP	55.92	-0.35%
Oil (Brent, \$ / barrel)	77.33	-1.74%

Headline inflation likely cooled to 3.1% in January, according to a poll conducted by BusinessWorld. This is expected to be driven by favorable base effects offsetting rising prices of some food items and higher utility rates. Nonetheless, economists remain wary of upside risks to inflation.

PLDT Inc. (Ticker: TEL) will launch a new fiber offering called Gigabit Plans next month. Management shared that they would offer 4 plans with a connectivity speed of up to 10 gigabits per second (Gbps). Gigabit Plans will be initially offered to select customers but will also be rolled out to the mass market eventually.

Local equities gained as analysts' projections for January inflation point to further deceleration. The PSEi closed at 6,707.25 (+1.27% DoD).

Local fixed income yields were mixed ahead of the key US labor data, including nonfarm payroll additions and unemployment rate for January. On average, yields fell by 0.65 bps, with the 2Y closing at 5.98% (+0.86 bps) and the 10Y closing at 6.14% (-0.61 bps).

The **Philippine peso** strengthened ahead of the release of key employment data in the US. The USD/PHP pair closed at 55.92 (-0.35% DoD).

US nonfarm payrolls increased by 353,000 jobs in January (Dec revised: 333,000), faster than the expected 185,000 estimate as nearly two-thirds of all industries added jobs. Meanwhile, the unemployment rate remained unchanged at 3.7% and average hourly earnings increased by 4.5% year-on-year.

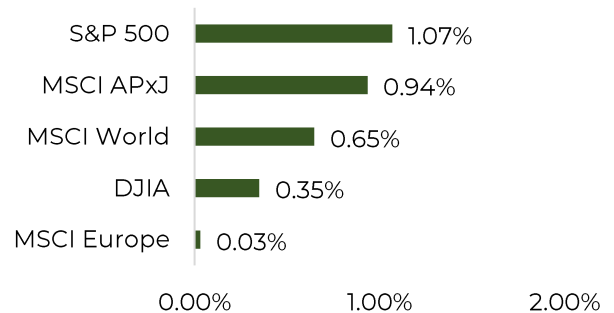
US Federal Reserve Governor Michelle Bowman sees inflation further declining but remains cautious about cutting rates too soon. She noted that premature rate cuts could necessitate further policy rate increases should potential upward inflationary pressures from rising wages materialize.

US equities rose to fresh record highs as investors cheered the strong earnings reports of tech names, including Meta Platforms, Amazon, and Nvidia. The S&P 500 closed at 4,958.61 (+1.07% DoD) and the DJIA closed at 38,654.42 (+0.35% DoD).

US Treasury yields rose sharply as payroll and wage data came in higher than expected. On average, yields rose by 8.80 bps, with the 2Y closing at 4.37% (+15.70 bps) and the 10Y closing at 4.02% (+11.00 bps).

The **US dollar** strengthened after the higher-than-expected nonfarm payrolls and wage growth data tempered bets of near-term rate cuts from the Fed. The DXY closed at 103.92 (+0.85% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,958.61	+1.07%
DJIA	38,654.42	+0.35%
3-mo US Treasury yield	5.38%	+0.80 bps
2-yr US Treasury yield	4.37%	+15.70 bps
10-yr US Treasury yield	4.02%	+11.00 bps
DXY	103.92	+0.85%

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