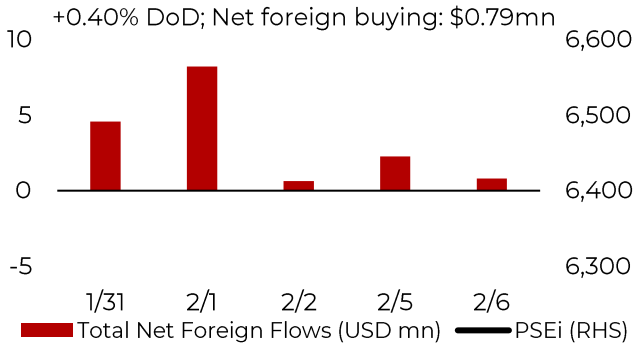


The Morning View

February 7, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,755.26	+0.40%
3-mo bond yield	5.46%	+3.36 bps
2-yr bond yield	6.00%	+0.96 bps
10-yr bond yield	6.19%	+5.03 bps
USDPHP	56.20	-0.16%
Oil (Brent, \$ / barrel)	78.59	+0.77%

According to the Philippines Statistics Authority (PSA), headline inflation eased to 2.8% in January (Dec: 3.9%). This came out slower than the market's consensus estimate of 3.1% and marked the lowest print since October 2020. The easing in inflation was primarily attributable to base effects and declining vegetable prices.

DMCI Holdings, Inc.'s (Ticker: DMC) water distribution arm, Maynilad Water Services, Inc., has started the initial operations of its new sewage treatment plant in Valenzuela City. The treatment facility would treat around 12 million liters of wastewater per day. This would cover nine barangays in the city.

Local equities posted further gains as inflation data came in cooler than expected in January. The PSEi closed at 6,755.26 (+0.40% DoD)

Local fixed income yields rose after the Bureau of the Treasury announced that it is planning to raise at least Php30-billion from its first retail Treasury bond offering this year. On average, yields rose by 1.84 bps, with the 2Y closing at 6.00% (+0.96 bps) and the 10Y closing at 6.19% (+5.03 bps).

The **Philippine peso** strengthened amid optimism after local inflation fell over a three-year low of 2.8%. The USD/PHP pair closed at 56.20 (-0.16% DoD).

Cleveland Fed President Mester said the Fed may gain confidence to cut rates this year but cautioned that there is no need to rush. The timing will remain dependent on the state of the economy. She added that if inflation stalls above the 2% target, the Fed will have to keep rates higher for longer.

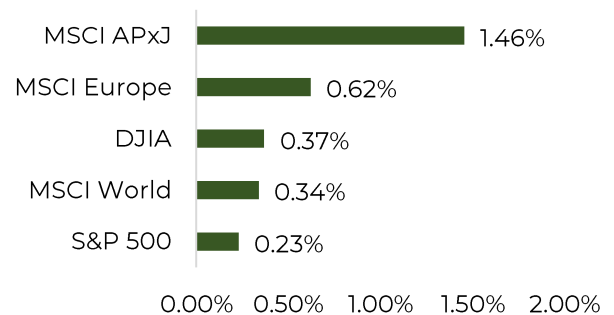
Eurozone retail sales dropped by 1.1% MoM in December (November: +0.3%), marking the fastest decline since December 2022. Elevated inflation continued to weigh on demand for food, drinks and tobacco, as well as automotive fuel. For the full year 2023, retail sales fell by 1.8% YoY.

US equities edged higher following a fresh batch of strong corporate earnings results from Palantir Technologies, DuPont, and Spotify. The S&P 500 closed at 4,954.23 (+0.23% DoD) and the DJIA closed at 38,521.36 (+0.37% DoD).

US Treasury yields fell on bargain hunting following the steep increases in yields during the previous trading day. On average, yields fell by 4.66 bps, with the 2Y closing at 4.41% (-7.00 bps) and the 10Y closing at 4.10% (-5.80 bps).

The **US dollar** weakened amid profit-taking. Investors also weighed the decline in US Treasury yields and some remarks from Fed officials. The DXY closed at 104.21 (-0.23% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,954.23	+0.23%
DJIA	38,521.36	+0.37%
3-mo US Treasury yield	5.39%	-0.10 bps
2-yr US Treasury yield	4.41%	-7.00 bps
10-yr US Treasury yield	4.10%	-5.80 bps
DXY	104.21	-0.23%

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