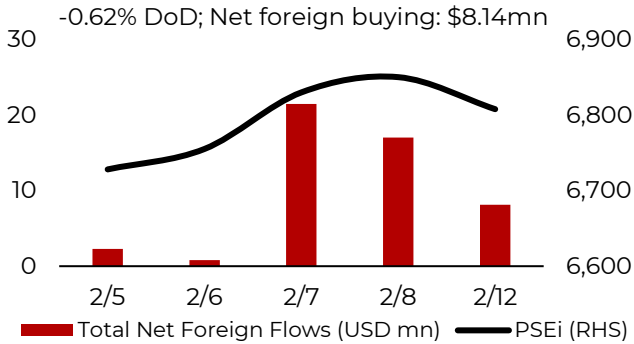


# The Morning View

February 13, 2024

## Philippine Stock Exchange Index



**The Department of Finance's (DoF) revisions to its proposal to simplify taxes for passive income and financial intermediaries include keeping tax rates for interest income at 20%.** The removal of the gradual reduction to 15% by 2028 would generate approximately Php30.8 billion in revenues. The DoF is also proposing to maintain dividend tax rates at 10%.

**ACEN Corp. (Ticker: ACEN) receives support from the Australian embassy in the Philippines for its planned expansions,** following ACEN's partnership with the Yindjibarndi group. The partnership will create the Yindjibarndi Energy Corp to develop renewable energy projects on a 13,000-square kilometer area of native land.

**Local equities** fell as investors took profits after a five-day rally. Investors also took a cautious stance ahead of the meeting of the Bangko Sentral ng Pilipinas (BSP) this week. The PSEi closed at 6,807.82 (-0.62% DoD).

**Local fixed income yields** closed mixed ahead of the BSP's policy meeting this week. On average, yields rose by 1.92 bps, with the 2Y closing at 6.02% (+0.38 bps) and the 10Y closing at 6.19% (-0.38 bps).

The **Philippine peso** weakened as investors digested the lower-than-expected initial jobless claims data in the US. The USD/PHP pair closed at 56.01 (+0.17% DoD).

	Level	DoD
PSEi	6,807.82	-0.62%
3-mo bond yield	5.53%	+6.78 bps
2-yr bond yield	6.02%	+0.38 bps
10-yr bond yield	6.19%	-0.38 bps
USDPHP	56.01	+0.17%
Oil (Brent, \$ / barrel)	82.00	-0.23%

**International Monetary Fund managing director Georgieva is confident the world economy will see a soft landing.** She added that rate cuts would begin in the midyear as inflation continues its downtrend but remains cautious of ongoing geopolitical tensions.

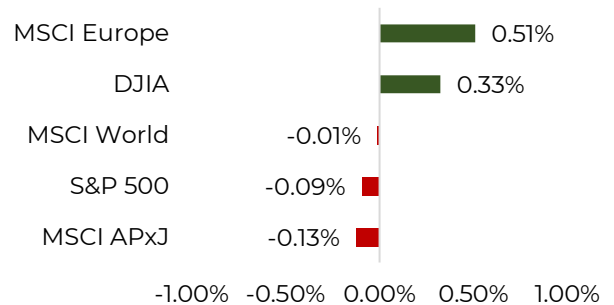
**US federal budget deficit dropped to \$22 billion (-43% YoY) due to higher receipts and lower tax refunds.** January outlays increased by 3% to \$499 billion, matched by a 7% rise in receipts to \$477 billion. Nonetheless, the fiscal year-to-date deficit hit \$532 billion (+16% YoY), driven by increased interest payments and pension costs.

**US equities** ended mixed as investors looked ahead to a slew of economic data releases this week, including headline inflation and retail sales reports. The S&P 500 closed at 5,021.84 (-0.09% DoD) and the DJIA closed at 38,797.38 (+0.33% DoD).

**US Treasury yields** were mixed as investors awaited the release of key economic data as well as remarks from Federal Reserve officials slated this week. On average, yields rose by 0.40 bps, with the 2Y closing at 4.48% (-0.60 bps) and the 10Y closing at 4.18% (+0.40 bps).

The **US dollar** closed flat ahead of the US headline inflation data release and further guidance from the Federal Reserve. The DXY closed at 104.17 (+0.06% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,021.84	-0.09%
DJIA	38,797.38	+0.33%
3-mo US Treasury yield	5.40%	+1.00 bps
2-yr US Treasury yield	4.48%	-0.60 bps
10-yr US Treasury yield	4.18%	+0.40 bps
DXY	104.17	+0.06%