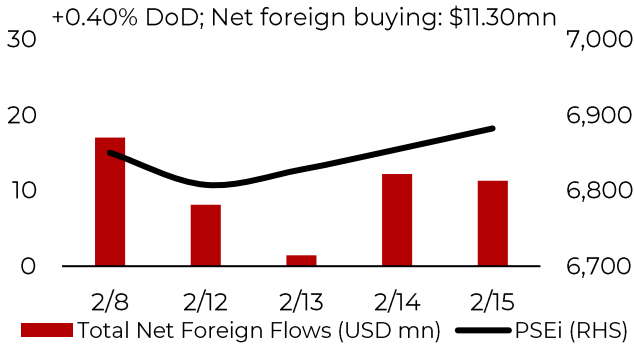


The Morning View

February 16, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,882.15	+0.40%
3-mo bond yield	5.57%	+3.33 bps
2-yr bond yield	6.04%	+0.40 bps
10-yr bond yield	6.24%	+1.68 bps
USDPHP	56.02	-0.14%
Oil (Brent, \$ / barrel)	82.86	+1.54%

The **Bangko Sentral ng Pilipinas (BSP)** maintained its policy rate at 6.50%. The central bank said it is looking for firmer indications of inflation trending back to target. The BSP also adjusted its risk-adjusted forecasts to 3.9% (previously 4.2%) and 3.5% (3.4%) for 2024 and 2025, respectively.

Ayala Land, Inc. (Ticker: ALI) is allotting Php13 billion for the renovation of four of its malls amid increasing competition in the retail sector. The redevelopment will take two years to complete and will increase the four malls' combined total gross leasable area of 400,000 square meters by about 10%.

Local equities climbed after the BSP decided to leave the policy rate unchanged. The PSEi closed at 6,882.15 (+0.40% DoD).

Local fixed income yields rose following the BSP's decision to keep its policy rate steady, signaling its vigilance despite easing inflation. On average, yields rose by 3.33 bps, with the 2Y closing at 6.04% (+0.40 bps) and the 10Y closing at 6.24% (+1.68 bps).

The **Philippine peso** strengthened after the BSP's decision to maintain the policy rate at 6.50%. Investors also digested recent dovish remarks from Chicago Fed President Goolsbee. The USD/PHP pair closed at 56.02 (-0.14% DoD)

The US Retail Sales fell by 0.8% MoM in January (December: +0.4%) amid frigid weather and slower spending after the holiday season. The decline was larger than consensus expectation of -0.1% and marked the biggest drop since March 2023.

Japan's Gross Domestic Product (GDP) shrank by 0.4% in 4Q23 (3Q23: revised -3.3%), unexpectedly slipping into a technical recession. A technical recession is broadly defined as two straight quarters of contracting GDP. The contraction in 4Q23 was attributed to weak private consumption and capital expenditure.

US equities edged higher after the weaker-than-anticipated retail sales figure eased concerns about inflation, fostering optimism for a potential rate cut from the Fed within the year. The S&P 500 closed at 5,029.73 (+0.58% DoD) and the DJIA closed at 38,773.12 (+0.91% DoD).

US Treasury yields fell as investors weighed the decline in US retail sales, possibly indicating weakening consumer sentiment. On average, yields fell by 1.86 bps, with the 2Y closing at 4.58% (-0.40 bps) and the 10Y closing at 4.23% (-2.50 bps).

The **US dollar** weakened as lower-than-expected retail sales fueled hopes of Fed rate cuts this year. The DXY closed at 104.30 (-0.41% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,029.73	+0.58%
DJIA	38,773.12	+0.91%
3-mo US Treasury yield	5.39%	-1.40 bps
2-yr US Treasury yield	4.58%	-0.40 bps
10-yr US Treasury yield	4.23%	-2.50 bps
DXY	104.30	-0.41%

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