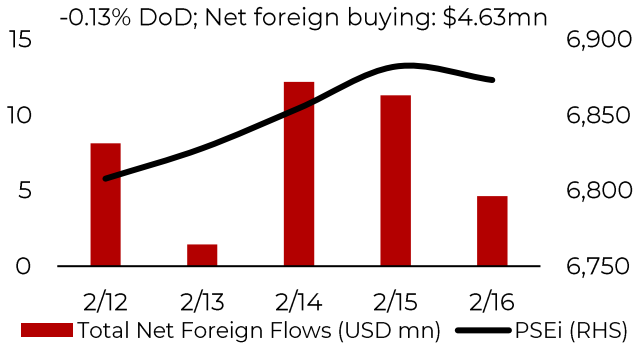


The Morning View

February 19, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,873.23	-0.13%
3-mo bond yield	5.57%	+0.48 bps
2-yr bond yield	6.06%	+1.42 bps
10-yr bond yield	6.26%	+2.06 bps
USDPHP	55.96	-0.11%
Oil (Brent, \$ / barrel)	83.47	+0.74%

A survey conducted by the **Bangko Sentral ng Pilipinas** showed that economists expect inflation to stay within target until 2026. However, supply shocks and second-round effects pose risks to the outlook. The average inflation estimates were 3.9%, 3.5%, and 3.4% for 2024, 2025, and 2026, respectively.

San Miguel Corp. (Ticker: SMC), as part of the SMC SAP & Co. Consortium, was awarded the Php170.6-billion contract to operate and rehabilitate the Ninoy Aquino International Airport. The consortium is composed of San Miguel Holdings Corp., RMM Asian Logistics, Inc., RLW Aviation Development, Inc., and Incheon International Airport Corp.

Local equities inched down amid profit-taking after the recent rally. The PSEi closed at 6,873.23 (-0.13% DoD).

Local fixed income yields rose amid the government's ongoing retail Treasury bond (RTB) offering. The public offer period of the RTBs will run until February 23. On average, yields rose by 1.11 bps, with the 2Y closing at 6.06% (+1.42 bps) and the 10Y closing at 6.26% (+2.06 bps).

The **Philippine peso** strengthened as investors weighed the weaker-than-expected US retail sales data. The USD/PHP pair closed at 55.96 (-0.11% DoD).

The US Producer Price Index (PPI) rose by 0.3% MoM in January (December: -0.1%), coming in higher than the market's expectation of a 0.1% gain. The increase was driven by higher costs for services such as hospital outpatient care and portfolio management.

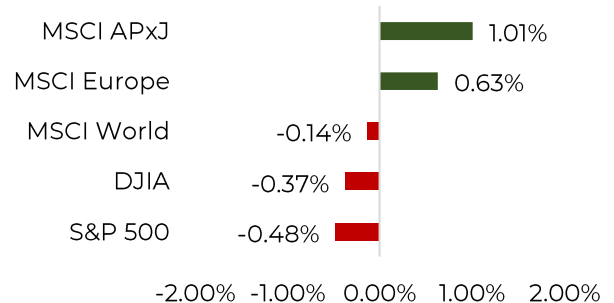
France has downgraded its 2024 Gross Domestic Product (GDP) growth forecast from previously 1.4% to 1.0%. French Finance Minister Bruno Le Maire said ongoing geopolitical tensions in the Middle East and Ukraine as well as the economic slowdown in trading partners China and Germany are factors weighing on the outlook.

US equities fell after the higher-than-expected US PPI data for January tempered rate cut bets. The S&P 500 closed at 5,005.57 (-0.48% DoD) and the DJIA closed at 38,627.99 (-0.37% DoD).

US Treasury yields rose as the higher-than-expected PPI in January signalled that inflation may remain elevated. On average, yields rose by 3.78 bps, with the 2Y closing at 4.64% (+6.80 bps) and the 10Y closing at 4.28% (+4.90 bps).

The **US dollar** closed flat as investors weighed the higher-than-expected PPI and the dovish comments from Fed officials Bostic and Daly saying that they are open to three rate cuts this year. The DXY closed at 104.28 (-0.02% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,005.57	-0.48%
DJIA	38,627.99	-0.37%
3-mo US Treasury yield	5.39%	-0.30 bps
2-yr US Treasury yield	4.64%	+6.80 bps
10-yr US Treasury yield	4.28%	+4.90 bps
DXY	104.28	-0.02%

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