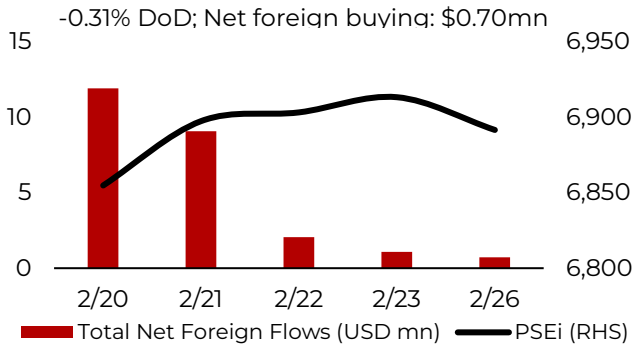


# The Morning View

February 27, 2024

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,891.49	-0.31%
3-mo bond yield	5.69%	+6.89 bps
2-yr bond yield	6.12%	-1.11 bps
10-yr bond yield	6.23%	-2.87 bps
USDPHP	56.10	+0.35%
Oil (Brent, \$ / barrel)	82.53	+1.11%

**According to the Department of Agriculture (DA), El Niño-related damage to the agriculture sector amounted to Php357.4 million.**

Another report from the DA noted that at least 6,523 hectares of farmlands were affected, with a volume of production loss totaling 14,601 metric tons.

**Manila Electric Company (Ticker: MER) reported a core net income of Php37.1 billion in 2023, up by 37% YoY.**

Energy sales volume was boosted by the residential and commercial segments. Likewise, the generation business had strong contributions amid continuing positive performance of its Singapore-based unit.

**Local equities** ended a four-day rally amid profit taking as the markets waited for fresh data releases in the US this week. The PSEi closed at 6,891.49 (-0.31% DoD).

**Local fixed income yields** ended mixed but rose on average after the Bureau of the Treasury partially awarded its recent 91-day T-bill offering. On average, yields rose by 2.01 bps, with the 2Y closing at 6.12% (-1.11 bps) and the 10Y closing at 6.23% (-2.87 bps).

The **Philippine peso** weakened amid the market's growing expectations of delayed cuts by the US Federal Reserve after several Fed officials signaled the need for additional data before easing. The USD/PHP pair closed at 56.10 (+0.35% DoD)

**US new home sales rose by 1.5% MoM to 661k units in January (December: 7.2%),** falling below the street expectation of 684k units. Meanwhile, existing home sales jumped 3.1% MoM to 4 million units (December: -0.8%), highest in five months.

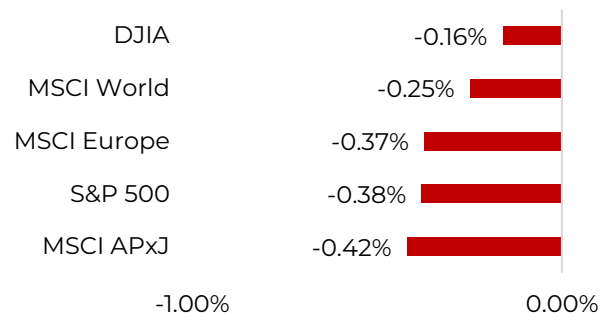
**European Central Bank President Lagarde said more evidence of inflation easing is necessary before cutting rates.** She added that disinflation is expected to continue but wage pressures remain strong and will become an important aspect to the price dynamics in the future.

**US equities** slightly fell as investors turned their focus to upcoming data releases this week, including the Personal Consumption Expenditure (PCE) report. The S&P 500 closed at 5,069.53 (-0.38% DoD) and the DJIA closed at 39,069.23 (-0.16% DoD).

**US Treasury yields** rose despite the weaker-than-expected new home sales as investors focused on the January US PCE and the updated 4Q23 Gross Domestic Product (GDP) data later this week. On average, yields rose by 2.32 bps, with the 2Y closing at 4.72% (+2.90 bps) and the 10Y closing at 4.28% (+3.10 bps).

The **US dollar** weakened after the weaker-than-expected January new home sales data. The DXY closed at 103.83 (-0.10% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,069.53	-0.38%
DJIA	39,069.23	-0.16%
3-mo US Treasury yield	5.42%	+0.20 bps
2-yr US Treasury yield	4.72%	+2.90 bps
10-yr US Treasury yield	4.28%	+3.10 bps
DXY	103.83	-0.10%