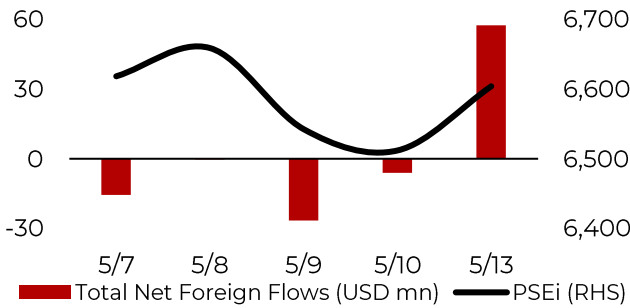


The Morning View

May 14, 2024

Philippine Stock Exchange Index

+1.42% DoD; Net foreign buying: \$57.59mn



	Level	DoD
PSEi	6,604.25	+1.42%
3-mo bond yield	5.78%	-0.65 bps
2-yr bond yield	6.44%	+1.16 bps
10-yr bond yield	6.86%	+0.89 bps
USDPHP	57.86	+0.77%
Oil (Brent, \$ / barrel)	83.36	+0.69%

Analysts expect that the Bangko Sentral ng Pilipinas (BSP) could start easing policy rates as early as the third quarter if inflation continues to stabilize. Meanwhile, BSP Governor Eli Remolona said that the central bank will consider rate cuts if inflation can settle firmly at around 3% for several months.

International Container Terminal Services, Inc. (Ticker: ICT) is set to build an \$800-million container terminal in Bauan, Batangas. The new terminal will begin construction by 1Q25 and will be the second largest container facility next to the Manila International Container Terminal.

Local equities rebounded on the back of bargain hunting. This was also amid market expectations that the Bangko Sentral ng Pilipinas (BSP) will hold rates steady in its policy meeting. The PSEi closed at 6,604.25 (+1.42% DoD).

Local fixed income yields rose as investors digested the increase in US consumers' one-year inflation expectation to 3.5% in May from 3.2% in April. On average, yields rose by 0.49 bps, with the 2Y closing at 6.44% (+1.16 bps) and the 10Y closing at 6.86% (+0.89 bps).

The **Philippine peso** weakened to a new 18-month low ahead of the BSP policy meeting later this week. Investors were also cautious ahead of key US inflation data. The USD/PHP pair closed at 57.86 (+0.77% DoD).

Federal Reserve Bank of New York's Survey of Consumer Expectations showed that the consumers' one-year inflation projection rose to 3.3% in April (March: 3.0%). Consumers also expect the labor market to weaken due to lower earnings growth expectations and the probability of higher unemployment.

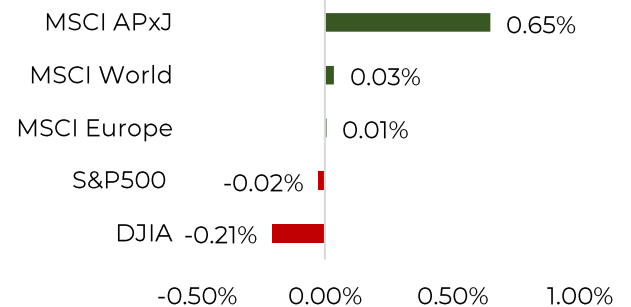
US Federal Reserve Vice-chair Phillip Jefferson said that rates should be kept "in restrictive territory" until inflation shows clear signs of cooling. He noted that the healthy economy allows him to focus on doing the work needed to ease price pressures.

US equities inched down as investors waited for the release of key US inflation data including the US Consumer and Producer price indexes (CPI and PPI). The S&P 500 closed at 5,221.42 (-0.02% DoD) and the DJIA closed at 39,431.51 (-0.21% DoD).

US Treasury yields inched downwards as investors positioned ahead of the US CPI and PPI data releases. On average, yields fell by 0.42 bps, with the 2Y closing at 4.87% (-0.30 bps) and the 10Y closing at 4.49% (-1.00 bps).

The **US dollar** slightly weakened ahead of the release of key US inflation data. The DXY closed at 105.22 (-0.08% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,221.42	-0.02%
DJIA	39,431.51	-0.21%
3-mo US Treasury yield	5.41%	+0.40 bps
2-yr US Treasury yield	4.87%	-0.30 bps
10-yr US Treasury yield	4.49%	-1.00 bps
DXY	105.22	-0.08%

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