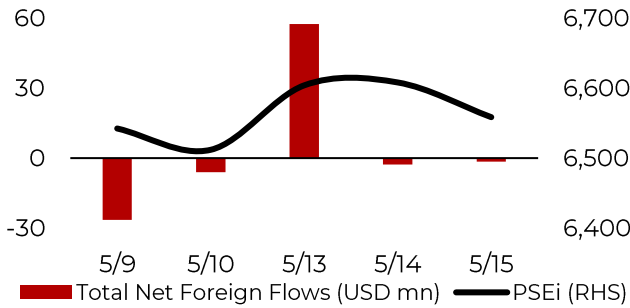


The Morning View

May 16, 2024

Philippine Stock Exchange Index

-0.75% DoD; Net foreign selling: \$1.47mn



	Level	DoD
PSEi	6,558.63	-0.75%
3-mo bond yield	5.81%	+3.43 bps
2-yr bond yield	6.44%	-0.74 bps
10-yr bond yield	6.81%	-5.02 bps
USDPHP	57.51	-0.58%
Oil (Brent, \$ / barrel)	82.75	+0.45%

Department of Finance Secretary and Monetary Board (MB) Member Recto says the policy rate will likely remain unchanged in today's MB meeting but will likely ease in 4Q24. Recto said inflation data will determine whether the central bank will ease interest rates.

Manila Electric Company's (Ticker: MER) unit was awarded the contract to build, own, and operate two power-generating units in Singapore. These are expected to supply 100 megawatts of electricity and will be sourced from liquefied natural gas.

Local equities fell as investors stayed cautious ahead of the Bangko Sentral ng Pilipinas' (BSP) policy decision later today. The PSEi closed at 6,558.63 (-0.75% DoD).

Local fixed income yields ended mixed as investors digested the higher-than-expected US producer price index (PPI) inflation data in April but downwardly revised figure in March. Investors also awaited further guidance from the upcoming BSP policy meeting. On average, yields rose by 1.10 bps, with the 2Y closing at 6.44% (-0.74 bps) and the 10Y closing at 6.81% (-5.02 bps).

The **Philippine peso** strengthened ahead of the BSP monetary policy meeting later today. The USD/PHP pair closed at 57.51 (-0.58% DoD).

US Consumer Price Index (CPI) inflation decelerated to 3.4% YoY in April (March: 3.5%), in-line with street expectation. This was attributable to the slower rise in shelter costs. Month-on-month, CPI inflation slowed to 0.3% in April (March: 0.4%), below the market's estimate of 0.4%.

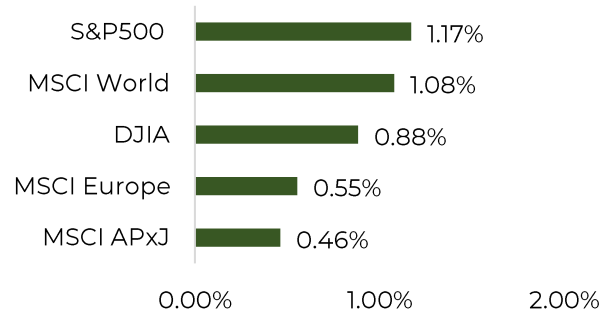
US retail sales were flat MoM in April (March: +0.7%), contrary to the consensus expectation of a 0.4% MoM rise. The unchanged reading was mainly driven by higher sales at gas stations, offset by lower sales of motor vehicle and parts dealers.

US equities soared to record-highs after the deceleration in US CPI inflation bolstered expectations of a September rate cut from the Fed. The S&P 500 closed at 5,308.15 (+1.17% DoD) and the DJIA closed at 39,908.00 (+0.88% DoD).

US Treasury yields plunged following the release of US April CPI data which buoyed hopes of a rate cut later this September. On average, yields fell by 7.50 bps, with the 2Y closing at 4.73% (-9.10 bps) and the 10Y closing at 4.34% (-9.90 bps).

The **US dollar** weakened as US CPI inflation decelerated in April. The DXY closed at 104.30 (-0.68% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,308.15	+1.17%
DJIA	39,908.00	+0.88%
3-mo US Treasury yield	5.41%	+1.00 bps
2-yr US Treasury yield	4.73%	-9.10 bps
10-yr US Treasury yield	4.34%	-9.90 bps
DXY	104.30	-0.68%