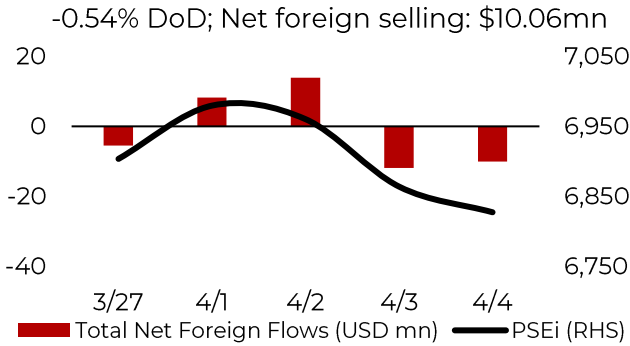


The Morning View

April 5, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,827.06	-0.54%
3-mo bond yield	5.74%	-0.28 bps
2-yr bond yield	6.09%	+1.60 bps
10-yr bond yield	6.31%	+3.09 bps
USDPHP	56.36	-0.16%
Oil (Brent, \$ / barrel)	90.65	+1.45%

The **National Economic Development Authority** lowered the 2024 gross domestic product (GDP) growth target to 6.0%-7.0% from 6.5%-7.5%. It cited the global economic slowdown, rising oil prices, and accelerating inflation for the downgrade. The 2025 growth target was also cut to 6.5%-7.5% from previously 6.5%-8.0%.

International Container Terminal Services, Inc.'s (Ticker: ICT) unit, Subic Bay International Terminal Corp., will now join Ocean Network Express' China-Thailand-Philippines service. The service will link the Subic port to East Asia while also complementing existing routes from the Philippines to Singapore.

Local equities slid amid cautious sentiment after the national government's outstanding debt hit a new record high of Php15.2 trillion in February. This was also ahead of the March local inflation data release. The PSEi closed at 6,827.06 (-0.54% DoD).

Local fixed income yields rose as the markets digested cautious remarks from various Fed officials regarding the timing of a policy pivot in the US. This was also ahead of the release of the March local inflation print. On average, yields rose by 1.28 bps, with the 2Y closing at 6.09% (+1.60 bps) and the 10Y closing at 6.31% (+3.09 bps).

The **Philippine peso** slightly strengthened after Fed Chair Powell affirmed that policy rate cuts are likely this year. The USD/PHP pair closed at 56.36 (-0.16% DoD).

The US trade deficit rose by 1.9% MoM to \$68.9 billion in February as the surge in imports surpassed the increase in exports. This marked the third straight month of a wider deficit, which could dampen the economy's growth in the first quarter of 2024.

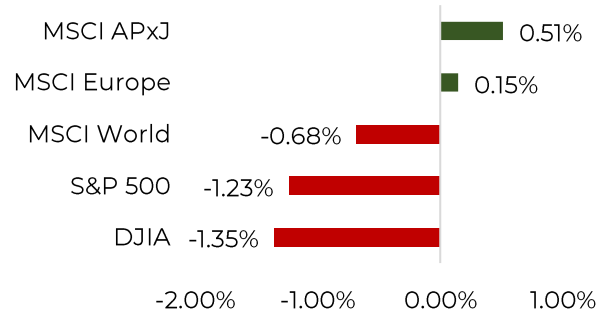
US initial jobless claims rose to a two-month high of 221,000 for the week ending March 30. This came in beyond the consensus expectation of 214,000. The increase was attributed to the larger than-expected rise in claims that occurred around Easter holiday.

US equities dropped amid growing uncertainty over the timing of the US rate cuts. This was following remarks from various Fed officials highlighting the need for continued restrictive policy until inflation shows sustainable easing. The S&P 500 closed at 5,147.21 (-1.23% DoD) and the DJIA closed at 38,596.98 (-1.35% DoD).

US Treasury yields declined ahead of the release of March nonfarm payrolls. Investors also digested mixed remarks from various Fed officials on the timing of rate cuts. On average, yields fell by 2.73 bps, with the 2Y closing at 4.65% (-2.40 bps) and the 10Y closing at 4.31% (-3.80 bps).

The **US dollar** slightly weakened after initial jobless claims came in above expectations at 221,000. Markets also weighed cautious sentiment from Fed officials. The DXY closed at 104.12 (-0.12% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,147.21	-1.23%
DJIA	38,596.98	-1.35%
3-mo US Treasury yield	5.37%	-0.30 bps
2-yr US Treasury yield	4.65%	-2.40 bps
10-yr US Treasury yield	4.31%	-3.80 bps
DXY	104.12	-0.12%

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