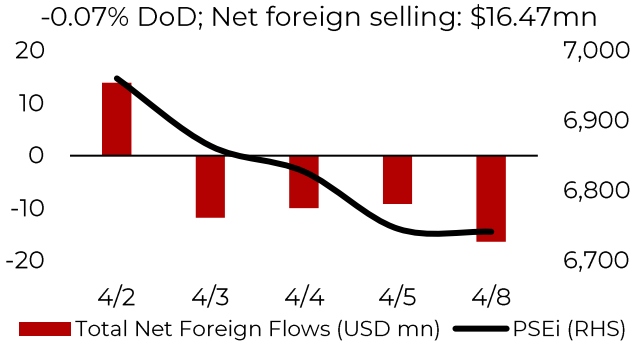


# The Morning View

April 11, 2024

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,741.07	-0.07%
3-mo bond yield	5.78%	+2.61 bps
2-yr bond yield	6.10%	+0.09 bps
10-yr bond yield	6.36%	+2.87 bps
USDPHP	56.49	-0.02%
Oil (Brent, \$ / barrel)	90.48	+1.19%

The **Bangko Sentral ng Pilipinas (BSP)** maintained its policy rate at 6.50%. The BSP also revised its 2024 risk-adjusted forecast upwards by 0.1% to 4.0%. It cited higher transport charges, elevated food prices, higher electricity rates, rising oil prices, and potential wage adjustments as key risks.

**SM Prime Holdings, Inc. (Ticker: SMPH) plans to open 15 new shopping malls to hit its 100-mall target in the Philippines by 2027.** For 2024, SMPH plans to open four new malls located in Caloocan, Cebu, La Union, and Laoag. Currently, SMPH has 85 malls in the country with a gross floor area of 9.2 million square meters.

**Local equities** were little changed as investors positioned ahead of the US consumer inflation data release as well as the two-day holiday break. The PSEi closed at 6,741.07 (-0.07% DoD).

**Local fixed income yields** rose as investors weighed BSP Governor Remolona's relatively hawkish remarks which signaled potential delay in rate cuts amid lingering inflation risks. On average, yields rose by 1.93 bps, with the 2Y closing at 6.10% (+0.09 bps) and the 10Y closing at 6.36% (+2.87 bps).

The **Philippine peso** closed relatively flat ahead of the two-day holiday in observance of Araw ng Kagitingan and Eid al-Fitr. The USD/PHP pair closed at 56.49 (-0.02% DoD).

**The US Consumer Price Index (CPI) inflation accelerated to 3.5% YoY in March (February: 3.2%)** amid stubbornly high gasoline and rental costs. This was the biggest gain in six months and exceeded the market's expectation of only a 3.4% rise.

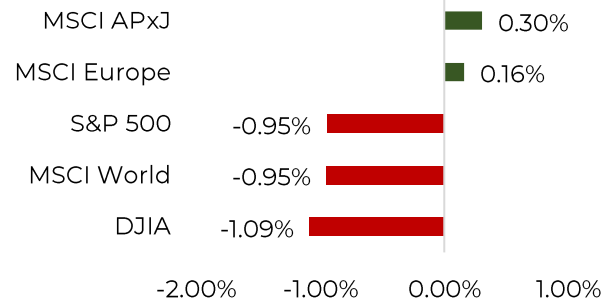
**The US Federal Open Market Committee's (FOMC) March minutes of the meeting showed officials' concern that inflation was not easing quickly enough.** While the US Fed kept rates steady, officials expressed that they want more confidence that inflation is moving towards the 2% target. Nonetheless, they still expect to start cutting rates at some point this year.

**US equities** declined after US CPI inflation accelerated higher-than-expected which pushed back expectations for a June rate cut. The S&P 500 closed at 5,160.64 (-0.95% DoD) and the DJIA closed at 38,461.51 (-1.09% DoD).

**US Treasury yields** rose as the higher-than-expected March US inflation data further pushed back the market's expectations on rate cuts later this year. On average, yields rose by 14.94 bps, with the 2Y closing at 4.98% (+23.00 bps) and the 10Y closing at 4.55% (+18.20 bps).

The **US dollar** strengthened as the higher-than-expected inflation print tempered rate cut bets. The DXY closed at 105.25 (+1.05% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,160.64	-0.95%
DJIA	38,461.51	-1.09%
3-mo US Treasury yield	5.42%	+4.10 bps
2-yr US Treasury yield	4.98%	+23.00 bps
10-yr US Treasury yield	4.55%	+18.20 bps
DXY	105.25	+1.05%

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