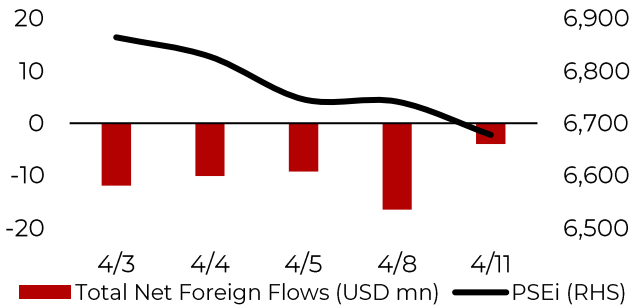


The Morning View

April 12, 2024

Philippine Stock Exchange Index

-0.94% DoD; Net foreign selling: \$3.94mn



	Level	DoD
PSEi	6,677.65	-0.94%
3-mo bond yield	5.76%	-1.81 bps
2-yr bond yield	6.13%	+2.61 bps
10-yr bond yield	6.69%	+33.31 bps
USDPHP	56.50	+0.02%
Oil (Brent, \$ / barrel)	89.74	-0.82%

The **Philippine Statistics Authority (PSA)** reported that the country's unemployment rate fell to a two-month low of 3.5% in February from 4.5% in January. The improvement was driven by employment gains to the wholesale and retail trade industries amid the opening of classes. Meanwhile, the underemployment rate also declined to 12.4% in February.

San Miguel Corporation's (Ticker: SMC) board approved a Php20-billion fixed-rate bond offering to be issued from the company's remaining Php50-billion shelf-registered bonds. The proceeds will be allocated for SMC's general funding requirements.

Local equities fell amid investors' concerns over potential delays in rate cuts after US consumer price index (CPI) inflation accelerated to 3.5% YoY in March. The PSEi closed at 6,677.65 (-0.94% DoD).

Local fixed income yields rose as investors weighed the uptick in US March CPI inflation which pushed back expectations of a Fed rate cut as early as June. On average, yields rose by 13.03 bps, with the 2Y closing at 6.13% (+2.61 bps) and the 10Y closing at 6.69% (+33.31 bps).

The **Philippine peso** slightly weakened as investors digested the higher-than-expected US CPI inflation data which could potentially delay the timing of US Fed rate cuts. The USD/PHP pair closed at 56.50 (+0.02% DoD).

The US Producer Price Index (PPI) inflation cooled to 0.2% MoM in March (February: 0.6%) as the rise in cost of services was dampened by the decline in goods prices. Year-on-year, PPI inflation accelerated to 2.1% in March (February: 1.6%).

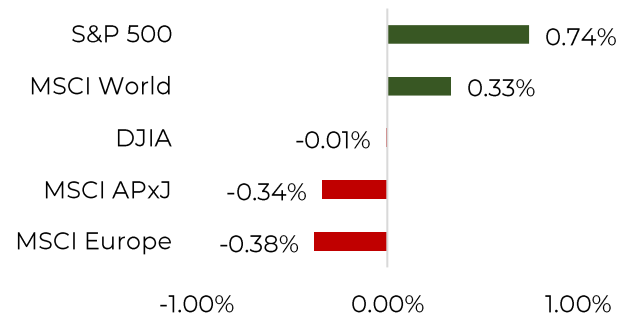
China's Consumer Price Index (CPI) inflation cooled to 0.1% YoY in March (Feb: +0.7%) as seasonal demand from the Lunar New Year waned. For the same month, PPI further contracted by 2.8% YoY (Feb: -2.7%) as rapid manufacturing capacity expansion continued to weigh on producer prices.

US equities ended mixed with tech-related stocks posting gains after the softer-than-expected US PPI data rekindled hopes of a cooling inflation trend. However, gains were tempered by hawkish remarks from various Fed officials. The S&P 500 closed at 5,199.06 (+0.74% DoD) and the DJIA closed at 38,459.08 (-0.01% DoD).

US Treasury yields closed mixed as investors digested hawkish remarks from Fed officials as well as the higher-than-expected CPI and softer-than-expected PPI data in the US. On average, yields rose by 1.96 bps, with the 2Y closing at 4.96% (-1.20 bps) and the 10Y closing at 4.59% (+4.50 bps).

The **US dollar** slightly strengthened following hawkish rhetoric from New York Fed President Williams and Boston Fed President Collins. The DXY closed at 105.28 (+0.04% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,199.06	+0.74%
DJIA	38,459.08	-0.01%
3-mo US Treasury yield	5.41%	-0.90 bps
2-yr US Treasury yield	4.96%	-1.20 bps
10-yr US Treasury yield	4.59%	+4.50 bps
DXY	105.28	+0.04%

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