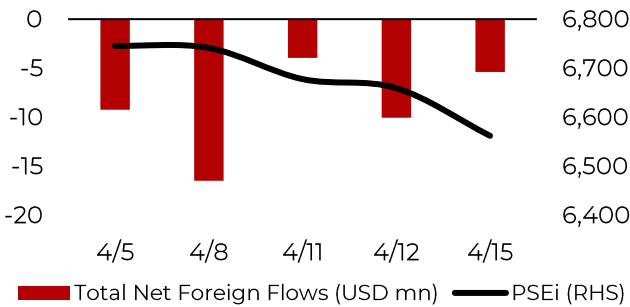


The Morning View

April 16, 2024

Philippine Stock Exchange Index

-1.46% DoD; Net foreign selling: \$5.37mn



	Level	DoD
PSEi	6,562.43	-1.46%
3-mo bond yield	5.79%	+1.82 bps
2-yr bond yield	6.27%	+9.01 bps
10-yr bond yield	6.73%	+5.09 bps
USDPHP	56.81	+0.49%
Oil (Brent, \$ / barrel)	90.43	-0.02%

The Bangko Sentral ng Pilipinas (BSP) Governor Remolona said that he sees rate cuts more likely occurring in 1Q25. He noted that the odds are over 56% that inflation will breach the central bank's target in 2024 and it is a reason for rates to remain tight.

International Container Terminal Services, Inc. (Ticker: ICT) received the Philippine Ports Authority's notice to proceed with the rehabilitation and operation of the Visayas Container Terminal. The 25-year contract was awarded to ICT in January with a concession fee of Php750 million.

Local equities dropped to the 6,500-level as heightened geopolitical tensions in the Middle East dampened investors' sentiment. The PSEi closed at 6,562.43 (-1.46% DoD).

Local fixed income yields rose following BSP Governor Remolona's comment that rate cuts will more likely occur in 1Q25 as local inflation may still breach the target this year amid lingering upside risks. On average, yields rose by 3.76 bps, with the 2Y closing at 6.27% (+9.01 bps) and the 10Y closing at 6.73% (+5.09 bps).

The **Philippine peso** weakened to a five-month low amid risk-off sentiment driven by escalating geopolitical tensions in the Middle East. The USD/PHP pair closed at 56.81 (+0.49% DoD).

US retail sales rose by 0.7% MoM in March (February: revised +0.9%), above consensus expectation of 0.4%. Stronger-than-expected retail sales were attributed to higher receipts by online retailers, gas stations, building material and garden equipment stores, and restaurants.

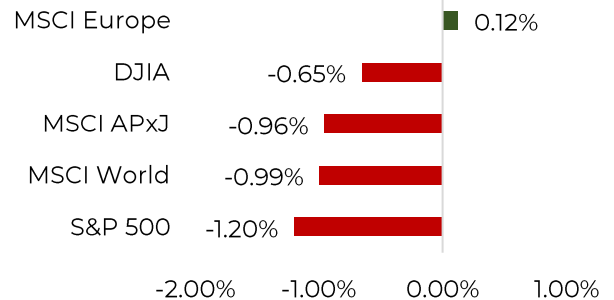
The People's Bank of China (PBOC) kept the rate for its 100 billion yuan worth of one-year medium-term lending facility (MLF) at 2.50%. With a 170 billion yuan worth of MLF loans expiring in April, this will result to a net 70 billion yuan withdrawal from the banking system.

US equities declined as concerns over the escalating geopolitical tensions in the Middle East overshadowed the upbeat 1Q24 earnings from US financial stocks. The S&P 500 closed at 5,061.82 (-1.20% DoD) and the DJIA closed at 37,735.11 (-0.65% DoD).

US Treasury yields rose as investors weighed the higher-than-expected retail sales data and rising geopolitical tensions in the Middle East. On average, yields rose by 5.25 bps, with the 2Y closing at 4.92% (+2.20 bps) and the 10Y closing at 4.61% (+8.20 bps).

The **US dollar** strengthened amid safe-haven demand driven by escalating geopolitical tensions and as the strong retail sales data tempered expectations of rate cuts. The DXY closed at 106.21 (+0.16% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,061.82	-1.20%
DJIA	37,735.11	-0.65%
3-mo US Treasury yield	5.40%	-0.30 bps
2-yr US Treasury yield	4.92%	+2.20 bps
10-yr US Treasury yield	4.61%	+8.20 bps
DXY	106.21	+0.16%

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