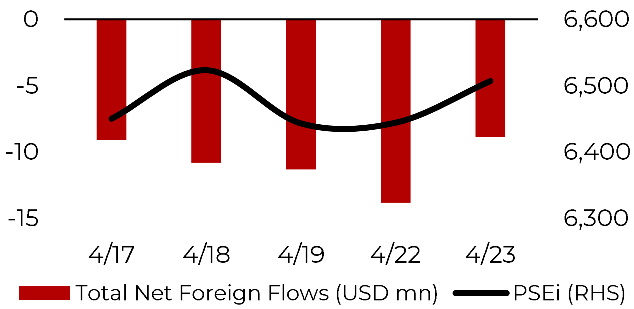
The Morning View

BPI WEALTH

April 24, 2024

Philippine Stock Exchange Index

+0.97% DoD; Net foreign selling: $8.86mn



	Level	DoD
PSEi	6,444.08	+0.02%
3-mo bond yield	5.87%	+0.17 bps
2-yr bond yield	6.46%	+4.26 bps
10-yr bond yield	6.92%	+2.60 bps
USDPHP	57.54	-0.19%
Oil (Brent, $ / barrel)	87.00	-0.33%

The **National Economic and Development Authority (NEDA)** sees headline inflation subsiding in the second half of this year as pressures from El Niño subside. NEDA expects rice prices have peaked and will fall after June. As of March, rice prices are up by 24.4% YoY.

SM Prime Holdings, Inc. (Ticker: SMPH) is deferring the $1-billion initial public offering (IPO) of its real estate investment trust (REIT) unit. The IPO was initially expected to take place in 2024 but the company said it will keep its "wait and see" stance given the interest rate environment and market volatility.

Local equities rebounded after Iran's statement saying that it will not further escalate its conflict with Israel lifted market sentiment. The PSEi closed at 6,506.80 (+0.97% DoD).

Local fixed income yields rose amid growing prospects of fewer rate cuts this year given the lingering risks to inflation. On average, yields rose by 2.18 bps, with the 2Y closing at 6.45% (-0.75 bps) and the 10Y closing at 6.93% (+0.74 bps).

The **Philippine peso** slightly strengthened as investors continued to digest easing geopolitical tensions in the Middle East. The USD/PHP pair closed at 57.51 (-0.05% DoD).

US S&P Global Composite Purchasing Managers' Index (PMI) fell to 50.9 in April (March: 52.1). While this continues to signal an expansion, manufacturing and services PMI eased to their three- and five-month lows of 49.9 and 50.9, respectively. The softer PMIs were attributed to weaker demand amid elevated rates and inflationary pressures.

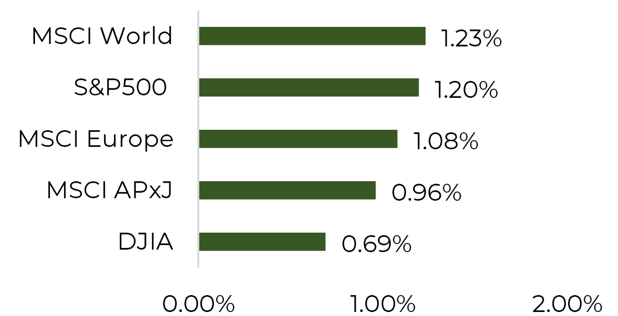
HCOB Eurozone Composite PMI jumped to 51.4 in April (March: 50.3) as robust demand in the services sector had offset the continued contraction in the manufacturing sector. This marks the fastest reading since May 2023 and signals recovery of the economy.

US equities climbed amid optimism over upbeat 1Q24 corporate earnings results. The S&P 500 closed at 5,070.55 (+1.20% DoD) and the DJIA closed at 38,503.69 (+0.69% DoD).

US Treasury yields declined as investors digested the latest S&P US Composite PMI which slowed to a four-month low amid weaker demand in the manufacturing sector. On average, yields fell by 1.07 bps, with the 2Y closing at 4.94% (-3.80 bps) and the 10Y closing at 4.6% (-0.90 bps).

The **US dollar** slightly weakened after fresh manufacturing data showed signs of a cooling US economy. The DXY closed at 105.68 (-0.38% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,070.55	+1.20%
DJIA	38,503.69	+0.69%
3-mo US Treasury yield	5.40%	-1.40 bps
2-yr US Treasury yield	4.94%	-3.80 bps
10-yr US Treasury yield	4.60%	-0.90 bps
DXY	105.68	-0.38%