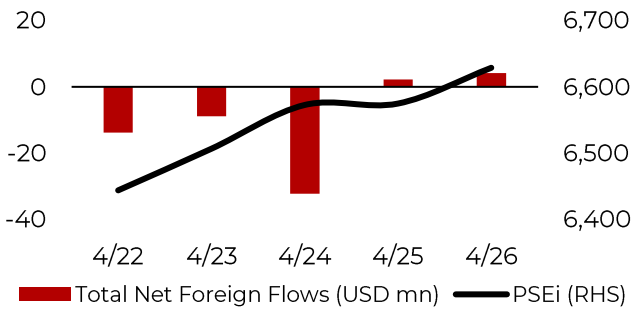


# The Morning View

April 29, 2024

## Philippine Stock Exchange Index

+0.82% DoD; Net foreign buying: \$4.19mn



|                          | Level    | DoD       |
|--------------------------|----------|-----------|
| PSEi                     | 6,628.75 | +0.82%    |
| 3-mo bond yield          | 5.90%    | +3.82 bps |
| 2-yr bond yield          | 6.46%    | +1.79 bps |
| 10-yr bond yield         | 6.95%    | -1.99 bps |
| USDPHP                   | 57.71    | -0.12%    |
| Oil (Brent, \$ / barrel) | 89.50    | +0.55%    |

The **Bureau of the Treasury** reported that the national government's gross borrowings fell by 12.8% YoY to Php207.27 billion in March. This was driven by the 44.4% YoY decline in external debt to Php50.87 billion. On a year-to-date basis, borrowings dipped by 12.4% to Php830.39 billion.

**SM Prime Holdings, Inc. (Ticker: SMPH) targets to open two new malls in China by 2025.** The scheduled openings will be located in the Fujian Province, comprising the phase 4 of SM Xiamen and a mall project in Haicheng town. SMPH also plans to open another mall in 2026.

**Local equities** inched up amid bargain hunting and optimism over upbeat 1Q24 corporate earnings results from big local banks. The PSEi closed at 6,628.75 (+0.82% DoD).

**Local fixed income yields** closed mixed as investors weighed the slower-than-expected US economic growth and the higher-than-expected core Personal Consumption Expenditures (PCE) inflation data in 1Q24. On average, yields rose by 1.77 bps, with the 2Y closing at 6.46% (+1.79 bps) and the 10Y closing at 6.95% (-1.99 bps).

The **Philippine peso** strengthened after Bangko Sentral ng Pilipinas Governor Remolona said that the central bank is prepared to manage excessive peso volatility if needed. The USD/PHP pair closed at 57.71 (-0.12% DoD).

**The US Core PCE inflation, the US Federal Reserve's preferred inflation gauge, was steady at 2.8% YoY in March (February: 2.8%)** but was above market's expectation of 2.7%. This was mainly driven by stubbornly high service costs, led by healthcare, and housing and utilities.

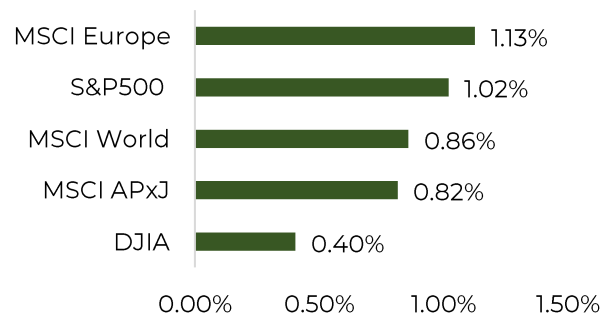
**The Bank of Japan (BOJ) kept its policy rate steady at 0.0-0.1%.** BOJ Governor Ueda said that the BOJ is ready to hike rates if data would back up its latest inflation forecasts, or inflation overshoots its projections. The BOJ raised its inflation forecast to 2.5-3.0% and lowered its economic growth forecast to 0.7-1.0% for FY2024.

**US equities** rose amid a tech-led optimism after investors cheered Alphabet's first dividend payment and Microsoft's better-than-expected 1Q24 earnings results. The S&P 500 closed at 5,099.96 (+1.02% DoD) and the DJIA closed at 38,239.66 (+0.40% DoD).

**US Treasury yields** were mixed but fell on average ahead of the Fed's policy meeting later this week. Investors also digested the higher-than-expected PCE print and weaker-than-expected economic growth in the US. On average, yields fell by 2.35 bps, with the 2Y closing flat at 5.00% (0.00) and the 10Y closing at 4.67% (-3.90 bps).

The **US dollar** strengthened as US core PCE settled above expectations. The DXY closed at 105.49 (+0.32% DoD).

## Global Stock Indices



|                         | Level     | DoD       |
|-------------------------|-----------|-----------|
| S&P 500                 | 5,099.96  | +1.02%    |
| DJIA                    | 38,239.66 | +0.40%    |
| 3-mo US Treasury yield  | 5.41%     | -0.80 bps |
| 2-yr US Treasury yield  | 5.00%     | 0.00 bps  |
| 10-yr US Treasury yield | 4.67%     | -3.90 bps |
| DXY                     | 105.94    | +0.32%    |

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