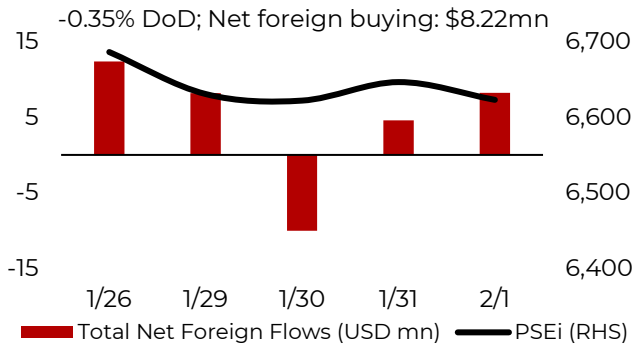


# The Morning View

February 2, 2024

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,623.01	-0.35%
3-mo bond yield	5.45%	+0.08 bps
2-yr bond yield	5.97%	-0.35 bps
10-yr bond yield	6.15%	-2.73 bps
USDPHP	56.12	-0.28%
Oil (Brent, \$ / barrel)	78.7	-3.68%

**S&P Global Philippines Manufacturing PMI slipped to 50.9 in January (December: 51.5)**, as new orders and output rose at a slower pace amid weaker demand. Nonetheless, this marks the fifth consecutive month of an above-50 reading, indicating an expansion in activity.

**JG Summit Holdings, Inc.'s (Ticker: JGS) subsidiary, Robinsons Retail Holdings, Inc., reported a 29.5% YoY drop in its attributable net income to Php4.1 billion in FY23.** Management mainly attributed the decline to foreign exchange losses following the appreciation of the peso relative to the US dollar.

**Local equities** declined after the hawkish remarks from US Federal Reserve Chairman Jerome Powell tempered rate cut hopes for March. The PSEi closed at 6,623.01 (-0.35% DoD).

**Local fixed income yields** dropped following the Fed's decision to keep policy rates unchanged. Investors also digested Fed Chair Powell's comments that pushed back the market's expectations of a rate cut in March. On average, yields fell by 0.42 bps, with the 2Y closing at 5.97% (-0.35 bps) and the 10Y closing at 6.15% (-2.73 bps).

The **Philippine peso** strengthened amid the decline in oil prices and easing US Treasury yields. The USD/PHP pair closed at 56.12 (-0.28% DoD).

**US ISM Manufacturing PMI rose to 49.1 in January (December: 47.1)** as new orders rebounded and factory production slightly improved. The PMI reading stayed below 50 for the fifteenth straight month, indicating a contraction.

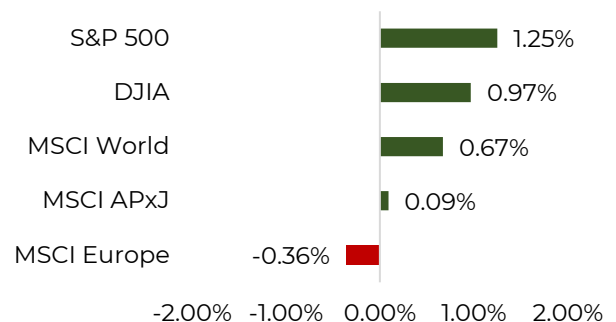
**The Bank of England (BoE) held its key interest rate steady at 5.25% as inflation continued to fall.** BoE Governor Bailey opened the possibility of a rate cut but noted that the BoE will tread carefully, as further tightening remains an option if high inflation persists.

**US equities** rebounded from a sell-off as investors parsed through the latest earnings reports of big tech names. This was also ahead of the key jobs reports to be released on Friday. The S&P 500 closed at 4,906.19 (+1.25% DoD) and the DJIA closed at 38,519.84 (+0.97% DoD).

**US Treasury yields** declined following the higher-than-expected initial jobless claims which suggests a cooling labor market. On average, yields fell by 2.37 bps, with the 2Y closing at 4.21% (-0.40 bps) and the 10Y closing at 3.88% (-3.20 bps).

The **US dollar** weakened amid continued bets of policy rate cuts from the Fed in as early as May. Investors also digested mixed developments in the US, including the above-consensus initial jobless claims and improving ISM manufacturing PMI data. The DXY closed at 103.05 (-0.22% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,906.19	+1.25%
DJIA	38,519.84	+0.97%
3-mo US Treasury yield	5.37%	-0.30 bps
2-yr US Treasury yield	4.21%	-0.40 bps
10-yr US Treasury yield	3.88%	-3.20 bps
DXY	103.05	-0.22%

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