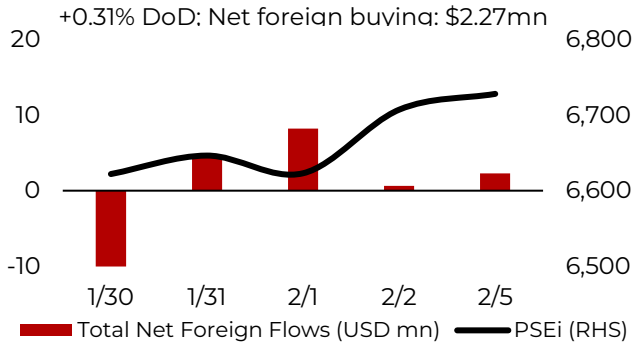


The Morning View

February 6, 2024

Philippine Stock Exchange Index



According to the Philippines Statistics Authority (PSA), the general wholesale price index eased to 4.9% in 2023 (2022: 7.3%).

The decline is primarily attributable to slowing price growth in manufactured goods, machinery and transport equipment, crude materials, and inedible except fuels.

Jollibee Foods Corp. (Ticker: JFC) has partnered with Republic Cement in addressing plastic waste. The tie-up involves JFC collecting plastic packaging waste that Republic Cement would co-process and use as alternative fuel in manufacturing cement.

Local equities continued to eke out gains ahead of the inflation data release. Economists expect headline inflation to ease to 3.1% in January from 3.9% in the prior month. The PSEi closed at 6,728.22 (+0.31% DoD).

Local fixed income yields rose amid tempered expectations of policy rate cuts by the US Federal Reserve in March. On average, yields rose by 0.47 bps, with the 2Y closing at 5.99% (+1.34 bps) and the 10Y closing at 6.14% (+0.18 bps).

The **Philippine peso** weakened after Fed chair Powell reiterated that they will not cut rates next month. The USD/PHP pair closed at 56.29 (+0.66% DoD).

	Level	DoD
PSEi	6,728.22	+0.31%
3-mo bond yield	5.43%	-1.18 bps
2-yr bond yield	5.99%	+1.34 bps
10-yr bond yield	6.14%	+0.18 bps
USDPHP	56.29	+0.66%
Oil (Brent, \$ / barrel)	77.99	+0.85%

Minneapolis Fed President Kashkari says that a resilient US economy gives them time to assess data before cutting rates. He added that inflation is making rapid progress towards the 2% target and that given the strong growth and low unemployment figures, monetary policy may not be as tight as suspected.

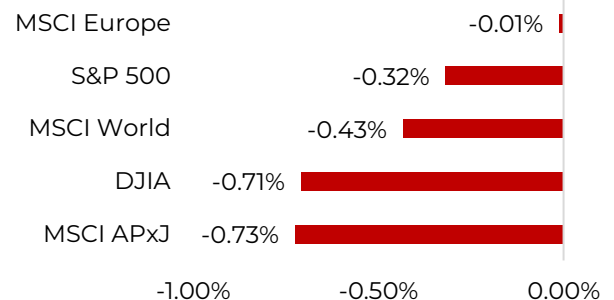
Fed Chairman Jerome Powell said that the resilient US economy allows the Fed to be prudent in weighing its rate cut decisions. Chairman Powell reiterated the need to wait for sustained inflation progress towards the 2% target before proceeding with rate cuts.

US equities declined amid rising Treasury yields as Fed Chair Powell continued to push back against expectations of an early policy rate cut. The lackluster earnings report of McDonald's Corp also weighed on investor sentiment. The S&P 500 closed at 4,942.81 (-0.32% DoD) and the DJIA closed at 38,380.12 (-0.71% DoD).

US Treasury yields continued to rise on further push back from Fed officials. On average, yields rose by 9.41 bps, with the 2Y closing at 4.48% (+10.8 bps) and the 10Y closing at 4.16% (+13.6 bps).

The **US dollar** strengthened after the strong US ISM services PMI data and Fed Chair Powell's hawkish remarks further diminished investors' expectations of early aggressive Fed rate cuts. The DXY closed at 104.45 (+0.51% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,942.81	-0.32%
DJIA	38,380.12	-0.71%
3-mo US Treasury yield	5.39%	+0.70 bps
2-yr US Treasury yield	4.48%	+10.80 bps
10-yr US Treasury yield	4.16%	+13.60 bps
DXY	104.45	+0.51%