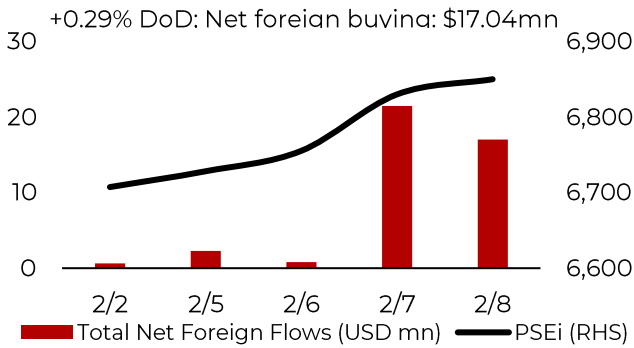


The Morning View

February 12, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,850.16	+0.29%
3-mo bond yield	5.46%	-0.34 bps
2-yr bond yield	6.02%	+0.88 bps
10-yr bond yield	6.20%	-0.23 bps
USDPHP	55.91	-0.07%
Oil (Brent, \$ / barrel)	82.19	+0.69%

According to the Department of Agriculture (DA), the supply of rice will be sufficient for the first half of the year. Supply would include the harvest from the dry season as well as imports. However, Agriculture Secretary Laurel noted that prices may remain elevated until September due to concerns on the impact of El Niño on global rice supply.

San Miguel Corporation (Ticker: SMC)'s group, SMC SAP & Co. Consortium, is leading the bid for the NAIA maintenance and rehabilitation project. The Department of Transportation (DoTr) said that the SMC-led consortium proposed to allocate 82.1% of the NAIA revenues to the government. This was significantly higher than the offers of the two other qualified bidders.

Local equities continued to track gains in the US stock markets amid positive corporate earnings results. The PSEi closed at 6,850.16 (+0.29% DoD).

Local fixed income yields ended mixed ahead of the policy decision by the Bangko Sentral ng Pilipinas (BSP) on its upcoming meeting this week. On average, yields rose by 1.36 bps, with the 2Y closing at 6.02% (+0.88 bps) and the 10Y closing at 6.20% (-0.23 bps).

The **Philippine peso** closed flat as investors awaited further guidance from the upcoming BSP policy meeting. The USD/PHP pair closed at 55.91 (-0.07% DoD).

The December US consumer price index (CPI) inflation was revised lower to 0.2% MoM from the originally reported 0.3%. The downward revision helped confirm that inflation is moderating and supported expectations of potential rate cuts later this year.

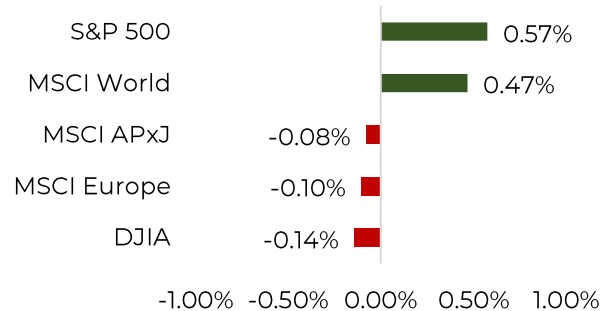
Dallas Federal Reserve Bank President Lorie Logan said that risks in the economy are more balanced and there is no urgency to cut rates. She noted that the labor market is still tight and wants to build confidence that the progress in inflation will be sustained.

US equities were mixed as investors looked ahead of the January CPI inflation reading. Technology, consumer services, and utilities led gains, while oil and gas, consumer goods, and healthcare sectors declined. The S&P 500 closed at 5,026.61 (+0.57% DoD) and the DJIA closed at 38,671.69 (-0.14% DoD).

US Treasury yields rose as US jobless claims fell more than expected. Investors also positioned ahead of the CPI data release. Market consensus currently expects January inflation to decelerate to 2.9% YoY. On average, yields rose by 1.81 bps, with the 2Y closing at 4.48% (+2.60 bps) and the 10Y closing at 4.18% (+2.10 bps).

The **US dollar** was flat as investors weighed the downward revision to the US CPI data for December and recent remarks from Fed officials. The DXY closed at 104.11 (-0.05% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,026.61	+0.57%
DJIA	38,671.69	-0.14%
3-mo US Treasury yield	5.39%	0.00 bps
2-yr US Treasury yield	4.48%	+2.60 bps
10-yr US Treasury yield	4.18%	+2.10 bps
DXY	104.11	-0.05%

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