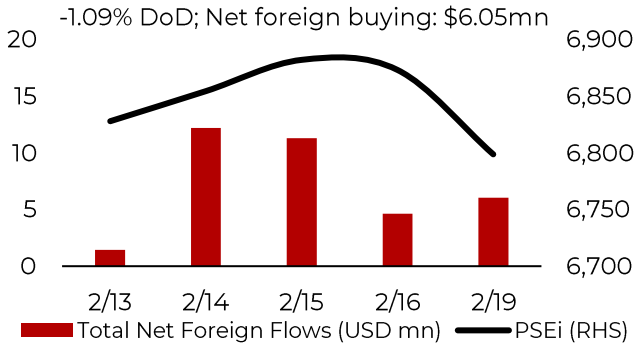


The Morning View

February 20, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,798.61	-1.09%
3-mo bond yield	5.57%	+0.48 bps
2-yr bond yield	6.11%	+5.30 bps
10-yr bond yield	6.31%	+5.06 bps
USDPHP	56.07	+0.20%
Oil (Brent, \$ / barrel)	83.56	+0.11%

The Senate on its third and final reading approved a bill that would raise the minimum wage of private sector workers by Php100. The bill will have to go through the House of Representatives, the whole of congress, and the President before taking effect.

SM Prime Holdings, Inc. (Ticker: SMPH) reported a consolidated net income of Php40 billion in FY23, increasing by 33% from the previous year. Consolidated revenues rose by 21% YoY to Php128.1 billion, mainly driven by the mall segment which accounts for 56% of total revenues. This brought the consolidated operating income to Php61.3 billion, up by 24% YoY.

Local equities fell amid continued profit-taking. The higher-than-expected US producer price index (PPI) data for January also weighed on market sentiment. The PSEi closed at 6,798.61 (-1.09% DoD).

Local fixed income yields jumped as investors digested the faster-than-expected US PPI which pushed back expectations of early rate cuts by the US Fed. On average, yields rose by 3.75 bps, with the 2Y closing at 6.11% (+5.30 bps) and the 10Y closing at 6.31% (+5.06 bps).

The **Philippine peso** weakened as investors weighed the higher-than-expected US PPI data. The USD/PHP pair closed at 56.07 (+0.20% DoD).

The Bundesbank, Germany's central bank, said that the economy is likely in a recession. The central bank sees output to potentially decline again in 1Q24 as high borrowing costs continue to weigh on external demand, consumption, and domestic investment. Germany's economy contracted by 0.3% QoQ in 4Q23.

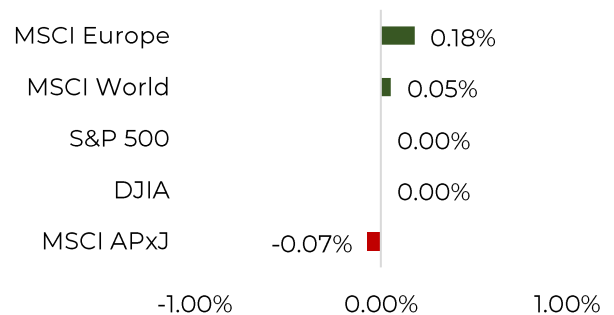
Former vice minister for international affairs Tokio Morita said that he expects the Bank of Japan (BoJ) to steer a smooth exit from its negative rate regime. While the BoJ could avoid excessive policy tightening that could upend Japan's banking system, he noted that the policy shift could still cause major changes as lending turns profitable for financial institutions.

US equities were unchanged as markets were closed in observance of Presidents' Day. The S&P 500 closed at 5,005.57 (0.00% DoD) and the DJIA closed at 38,627.99 (0.00% DoD).

US Treasury yields were unchanged as markets were closed amid Presidents' Day. On average, yields fell by 0.00 bps, with the 2Y closing at 4.64% (0.00 bps) and the 10Y closing at 4.28% (0.00 bps).

The **US dollar** was flat as trading markets in the US were closed. The DXY closed at 104.29 (+0.02% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,005.57	0.00%
DJIA	38,627.99	0.00%
3-mo US Treasury yield	5.39%	0.00 bps
2-yr US Treasury yield	4.64%	0.00 bps
10-yr US Treasury yield	4.28%	0.00 bps
DXY	104.29	+0.02%

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