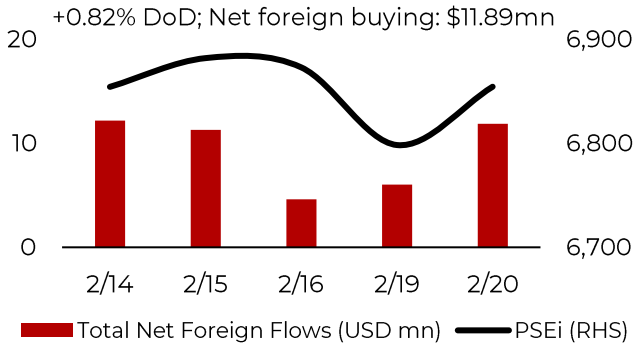


The Morning View

February 21, 2024

Philippine Stock Exchange Index



The **Bangko Sentral ng Pilipinas** reported that the country posted a balance of payments deficit of \$740 million in January 2024, a reversal from the \$3.08 billion surplus in January 2023. The deficit reflected outflows arising from the National Government's payments of foreign currency debt obligations.

Ayala Land, Inc. (Ticker: ALI) reported a net income of **Php24.5 billion in FY23, increasing by 32% from the previous year.** Consolidated revenues rose by 18% YoY to Php148.9 billion amid stronger property development revenues driven by steady bookings and higher completion of projects. In 2023, ALI launched 25 projects worth Php75.9 billion.

Local equities rebounded amid hopes that the Bangko Sentral ng Pilipinas (BSP) may start cutting rates as early as May given easing inflation. The PSEi closed at 6,854.66 (+0.82% DoD).

Local fixed income yields were mixed ahead of the release of the Fed's January minutes of the meeting. On average, yields rose by 0.09 bps, with the 2Y closing at 6.13% (+1.77 bps) and the 10Y closing at 6.30% (-1.06 bps).

The **Philippine peso** strengthened amid the weaker Dollar and as investors weighed China's cut in its benchmark mortgage rate. The USD/PHP pair closed at 56.04 (-0.06% DoD).

	Level	DoD
PSEi	6,854.66	+0.82%
3-mo bond yield	5.60%	+2.97 bps
2-yr bond yield	6.13%	+1.77 bps
10-yr bond yield	6.30%	-1.06 bps
USDPHP	56.04	-0.06%
Oil (Brent, \$ / barrel)	82.34	-1.46%

China has reduced its benchmark mortgage rate from 4.20% to 3.95%, the largest cut since the rate was introduced in 2019. This 25-basis point reduction in the five-year loan prime rate is aimed to provide more support to the recovery of China's struggling property sector and broader economy.

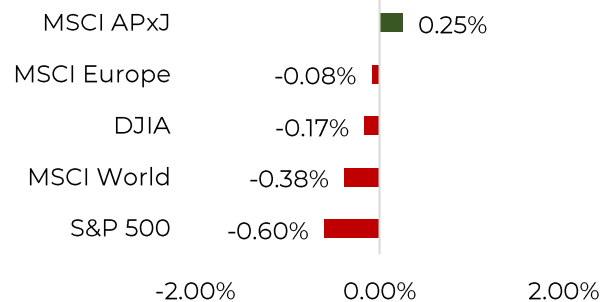
The European Central Bank (ECB) reported that negotiated Eurozone wage growth slowed to **4.46% in 4Q23 (3Q23: 4.69%).** This remained above current inflation levels but may point to wage growth peaking. The ECB considers wages as an important variable in determining whether it can start cutting rates.

US equities fell as investors awaited the release of chipmaker Nvidia's 4Q23 earnings results and the US Fed's January minutes of the meeting. The S&P 500 closed at 4,975.51 (-0.60% DoD) and the DJIA closed at 38,563.8 (-0.17% DoD).

US Treasury yields declined as investors continued to weigh uncertainties on the timing of the US Fed rate cuts. This was ahead of the release of the US Fed's January meeting minutes. On average, yields fell by 1.04 bps, with the 2Y closing at 4.61% (-3.00 bps) and the 10Y closing at 4.28% (-0.60 bps).

The **US dollar** slightly weakened ahead of the Fed's January minutes of the meeting. The DXY closed at 104.08 (-0.20% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,975.51	-0.60%
DJIA	38,563.80	-0.17%
3-mo US Treasury yield	5.38%	-1.20 bps
2-yr US Treasury yield	4.61%	-3.00 bps
10-yr US Treasury yield	4.28%	-0.60 bps
DXY	104.08	-0.20%