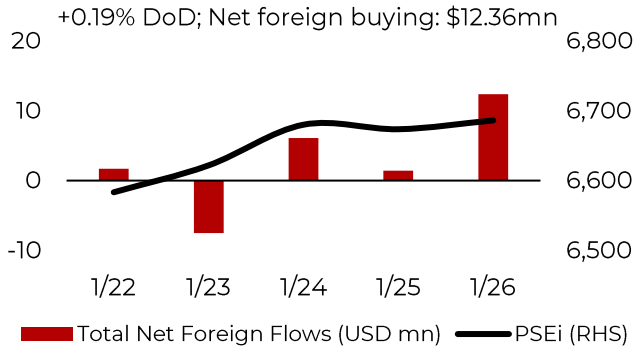


The Morning View

JANUARY 29, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,686.09	+0.19%
3-mo bond yield	5.42%	-0.94 bps
2-yr bond yield	5.97%	-0.49 bps
10-yr bond yield	6.19%	-2.44 bps
USDPHP	56.29	-0.42%
Oil (Brent, \$ / barrel)	83.55	+1.36%

Bangko Sentral ng Pilipinas (BSP) Governor Remolona says rate cuts are possible within the year. However, he noted that cuts in the first semester may be too soon but he would rely on available data for his decision. He also added that the BSP is ready to hike rates further if economic growth strongly picked up in 4Q23.

SM Prime Holdings, Inc. (Ticker: SMPH) is reassessing its plans of launching a \$1-billion real estate investment trust (REIT) offer this year. Management shared that there is no purpose to immediately go into an initial public offering right now as the company's cash flows remain strong and as challenging conditions have weighed on the stock performance of other REIT companies.

Local equities grew amid optimism after US gross domestic product (GDP) growth surprised to the upside at 3.3% in 4Q23. The PSEi closed at 6,686.09 (+0.19% DoD)

Local fixed income yields declined as the market awaited the release of the US Core Personal Consumption Expenditure (PCE) data. On average, yields fell by 1.21 bps, with the 2Y closing at 5.97% (-0.49 bps) and the 10Y closing at 6.19% (-2.44 bps).

The **Philippine peso** strengthened after BSP Governor Remolona said a rate cut is unlikely during the upcoming February meeting. The USD/PHP pair closed at 56.29 (-0.42% DoD).

US Core PCE price index, the Fed's preferred inflation gauge, softened to 2.9% YoY in December (November: 3.2%). Meanwhile, headline PCE was steady at a 2.6% growth rate. Both the PCE and Core PCE price indexes rose by 0.2% MoM (November's -0.1% for PCE and +0.1% for Core PCE), driven by moderate increases in food and energy prices.

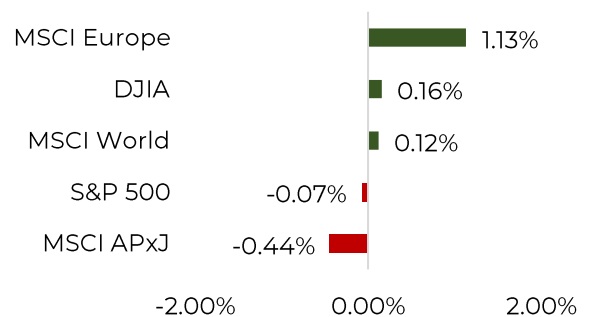
European Central Bank (ECB) Governing Council member Villeroy says that the ECB could cut rates any time this year. He highlighted that the ECB aims to avoid the risks of cutting too soon and missing the target or cutting too late and excessively slowing activity.

US equities were mixed as investors digested mixed economic developments, including the below-consensus December US core PCE print and the stronger-than-expected fourth quarter US GDP growth. The S&P 500 closed at 4,890.97 (-0.07% DoD) and the DJIA closed at 38,109.43 (+0.16% DoD).

US Treasury yields rose as US GDP rose faster than expected in 4Q23, prompting concerns that the Fed may keep rates higher for longer. On average, yields rose by 1.64 bps, with the 2Y closing at 4.35% (+5.40 bps) and the 10Y closing at 4.14% (+1.90 bps).

The **US dollar** slightly weakened as investors digested the softer US core PCE print for December. The DXY closed at 103.43 (-0.14% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,890.97	-0.07%
DJIA	38,109.43	+0.16%
3-mo US Treasury yield	5.37%	+0.30 bps
2-yr US Treasury yield	4.35%	+5.40 bps
10-yr US Treasury yield	4.14%	+1.90 bps
DXY	103.43	-0.14%

This material is strictly for information purposes only, is for your sole use, does not constitute a recommendation or an offer to sell or a solicitation to buy any financial product. Any information is subject to change without notice and BPI Wealth is not under any obligation to update or keep current the information contained herein. You are advised to make your own independent judgment with respect to the matter contained in this document. No liability whatsoever is accepted for any loss that may arise (whether direct or consequential) from any use of the information contained herein.

All funds managed by BPI Wealth are Trust and/or Investment Management Funds, which do not carry any guarantee of income or principal, and are NOT covered by the Philippine Deposit Insurance Corporation. Past performance is not a guarantee of future results. BPI Wealth Investment Funds are valued daily using the marked-to-market method.