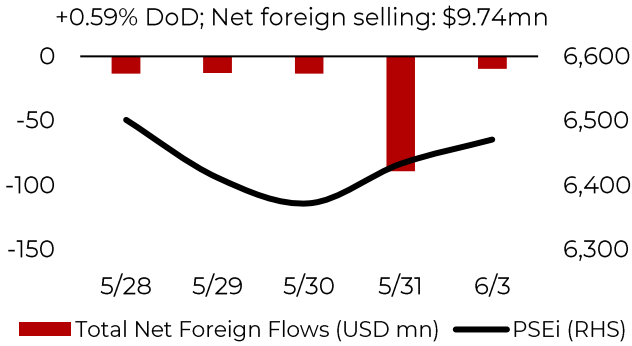


The Morning View

June 4, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,470.74	+0.59%
3-mo bond yield	5.72%	-1.11 bps
2-yr bond yield	6.30%	-0.63 bps
10-yr bond yield	6.75%	-0.32 bps
USDPHP	58.68	+0.29%
Oil (Brent, \$ / barrel)	78.36	-3.99%

Philippine factory activity expanded at a slower pace in May amid higher unemployment. The S&P Global Philippines Manufacturing Purchasing Managers' Index dipped to 51.9 in May from 52.2 in April. New orders and output continued to grow but was dragged by lower workforce numbers.

Alliance Global Group, Inc.'s (PSEi Ticker: AGI) real estate development arm Megaworld Corp. (PSEi Ticker: MEG) raised Php980.32 million from a block sale of 79.7 million MREIT common shares. This is in line with MEG's fundraising efforts. The company has yet to disclose its reinvestment plan.

Local equities rose on continued bargain hunting. China's factory activity expanding to its fastest pace in nearly two years in May also lifted market sentiment. The PSEi closed at 6,470.74 (+0.59% DoD).

Local fixed income yields fell ahead of the release of the local inflation print for May. On average, yields fell by 0.84 bps, with the 2Y closing at 6.30% (-0.63 bps) and the 10Y closing at 6.75% (-0.32 bps).

The **Philippine peso** weakened to a 19-month low as investors positioned ahead of the Philippine May inflation data release. The USD/PHP pair closed at 58.68 (+0.29% DoD).

US ISM Manufacturing PMI fell for a second straight month to 48.7 in May (April: 49.2) as new orders dropped and spending on construction projects fell. The index stayed below the 50.0 reading, indicating a gradual slowdown in the manufacturing sector.

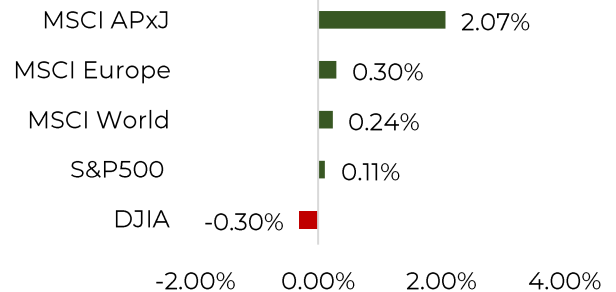
The final au Jibun Bank Japan Manufacturing PMI rose to 50.4 in May (April: 49.6), expanding for the first time in a year. Higher factory employment and input inventories drove growth, while output and new orders were broadly stable.

US equities ended mixed as investors weighed the softer US manufacturing data, which supported potential rate cuts but also raised concerns about a weakening economy. The S&P 500 closed at 5,283.40 (+0.11% DoD) and the DJIA closed at 38,571.03 (-0.30% DoD).

US Treasury yields declined as investors weighed the weak US manufacturing PMI data in May which supported expectations of rate cuts from the Fed. On average, yields fell by 7.12 bps, with the 2Y closing at 4.81% (-6.50 bps) and the 10Y closing at 4.39% (-11.10 bps).

The **US dollar** weakened as US manufacturing PMI continued to contract, prompting concerns over economic growth. The DXY closed at 104.14 (-0.51% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,283.40	+0.11%
DJIA	38,571.03	-0.30%
3-mo US Treasury yield	5.39%	-0.10 bps
2-yr US Treasury yield	4.81%	-6.50 bps
10-yr US Treasury yield	4.39%	-11.10 bps
DXY	104.14	-0.51%