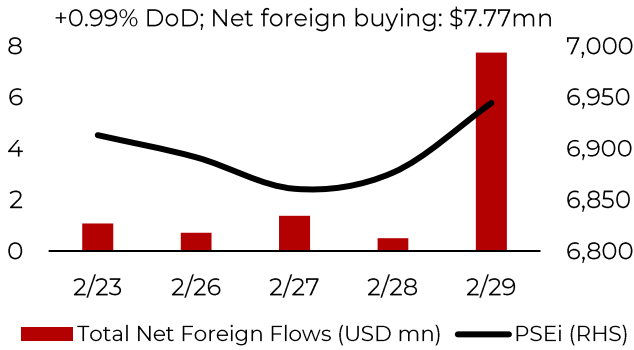


The Morning View

March 1, 2024

Philippine Stock Exchange Index



| | Level | DoD |
|--------------------------|----------|-----------|
| PSEi | 6,944.71 | +0.99% |
| 3-mo bond yield | 5.69% | +0.78 bps |
| 2-yr bond yield | 6.12% | -1.31 bps |
| 10-yr bond yield | 6.24% | +0.22 bps |
| USDPHP | 56.20 | -0.09% |
| Oil (Brent, \$ / barrel) | 83.62 | -0.07% |

The **Bangko Sentral ng Pilipinas** sees February inflation settling between 2.8% and 3.6%. The central bank expects increases in key food items, fuel, and electricity rates to be the main drivers of inflation.

Metropolitan Bank & Trust Co. (Ticker: MBT) has raised \$1 billion through its 5-year and 10-year international bond offering. This established the records of being the longest senior dated note by a private sector bank in the Philippines and the largest non-sovereign note issuance.

Local equities rose to the 6,900-level amid better-than-expected corporate earnings and the MSCI rebalancing. Investors also awaited the January US personal consumption expenditures (PCE) report which was released overnight. The PSEi closed at 6,944.71 (+0.99% DoD).

Local fixed income yields ended mixed but rose on average as the markets waited for the release of the US January PCE overnight. On average, yields rose by 0.22 bps, with the 2Y closing at 6.12% (-1.31 bps) and the 10Y closing at 6.24% (+0.22 bps).

The **Philippine peso** closed relatively flat ahead of the US PCE data release and as investors weighed the slight downward revision in US 4Q23 gross domestic product. The USD/PHP pair closed at 56.20 (-0.09% DoD).

US Core PCE inflation rose by 2.8% YoY in January (December: 2.9%), driven by higher cost of services as businesses raised prices at the start of the year. This marks the slowest increase in three years for the US Federal Reserve's preferred inflation gauge.

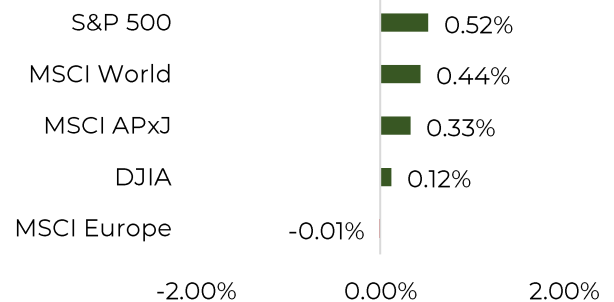
Germany's Harmonized Index of Consumer Prices (HICP), the European Central Bank's preferred inflation gauge, eased to 2.7% YoY in February (January: 3.1%). The deceleration was mainly driven by lower energy prices. Meanwhile, core HICP remained steady at 3.4% YoY.

US equities rebounded after the slower US PCE inflation data supported Fed rate cut expectations. Surrounding optimism amid the AI boom also continued to boost investor sentiment. The S&P 500 closed at 5,096.27 (+0.52% DoD) and the DJIA closed at 38,996.39 (+0.12% DoD).

US Treasury yields declined as investors weighed the US PCE data release which came in-line with street expectations. On average, yields fell by 1.56 bps, with the 2Y closing at 4.62% (-1.80 bps) and the 10Y closing at 4.25% (-1.40 bps).

The **US dollar** slightly strengthened after core PCE rose by 2.8% YoY (0.4% MoM), in-line with Bloomberg consensus. The DXY closed at 104.16 (+0.17% DoD).

Global Stock Indices



| | Level | DoD |
|-------------------------|-----------|-----------|
| S&P 500 | 5,096.27 | +0.52% |
| DJIA | 38,996.39 | +0.12% |
| 3-mo US Treasury yield | 5.39% | -1.60 bps |
| 2-yr US Treasury yield | 4.62% | -1.80 bps |
| 10-yr US Treasury yield | 4.25% | -1.40 bps |
| DXY | 104.16 | +0.17% |

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