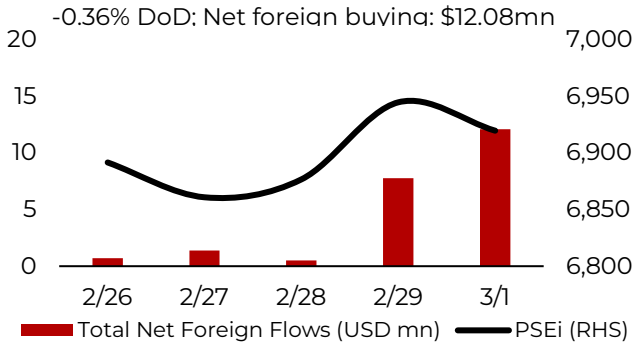


The Morning View

March 4, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,919.59	-0.36%
3-mo bond yield	5.73%	+3.71 bps
2-yr bond yield	6.12%	+0.33 bps
10-yr bond yield	6.24%	+0.31 bps
USDPHP	56.02	-0.33%
Oil (Brent, \$ / barrel)	83.55	-0.08%

Bloomberg consensus expects February inflation to settle at 3.0%. Bloomberg surveyed 21 firms, with answers ranging from 2.7%-3.4%. If the median 3.0% is realized, February inflation would be slightly faster than the 2.8% print in January.

Manila Electric Company (Ticker: MER), San Miguel Corporation (Ticker: SMC), and Aboitiz Power Corp. (Ticker: AP) signed a \$3.3-billion deal to establish an integrated liquefied natural gas facility in Batangas. This will supply over 2,500 megawatts of generation capacity once fully operational.

Local equities inched down amid last-minute profit taking after a two-day rally. The Bangko Sentral ng Pilipinas' (BSP) and market expectations of local inflation reaccelerating in February also weighed on investor sentiment. The PSEi closed at 6,919.59 (-0.36% DoD).

Local fixed income yields rose as the markets weighed the risk of inflation reaccelerating in February. On average, yields rose by 0.45 bps, with the 2Y closing at 6.12% (+0.33 bps) and the 10Y closing at 6.24% (+0.31 bps).

The **Philippine peso** strengthened as the US Personal Consumption Expenditure (PCE) came in-line with expectations. The USD/PHP pair closed at 56.02 (-0.33% DoD)

The US ISM Manufacturing PMI retreated to 47.8 in February (January: 49.1) as new orders and production swung to contraction amid weaker demand. This marks the 16th consecutive month below the 50-reading, indicating a contraction in manufacturing activity.

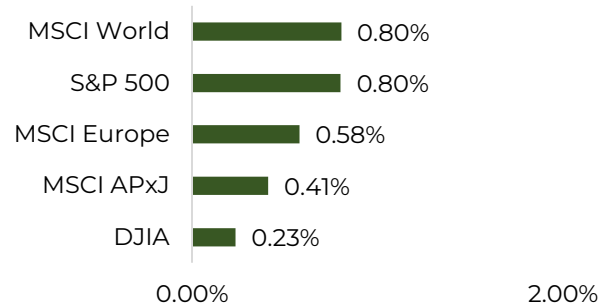
Several OPEC+ producers, including heavyweights Saudi Arabia and Russia, announced the extension of their voluntary crude supply cuts until end of June 2024. The extension of oil output cuts totaling 2.2 million barrels per day is aimed to offer further support to oil prices amid geopolitical tensions and global demand worries.

US equities further climbed as investors continued to cheer on the growth prospects for artificial intelligence. Declining US Treasury yields also supported the increase. The S&P 500 closed at 5,137.08 (+0.80% DoD) and the DJIA closed at 39,087.38 (+0.23% DoD).

US Treasury yields declined as investors digested the weaker-than-expected manufacturing data and recent comments from Dallas Fed President Lorie Logan in support of slowing the pace at which it is shedding Treasury securities from its asset portfolio. On average, yields fell by 5.66 bps, with the 2Y closing at 4.53% (-8.80 bps) and the 10Y closing at 4.18% (-6.80 bps).

The **US dollar** weakened after the softer-than-expected February US ISM Manufacturing PMI reading. The DXY closed at 103.86 (-0.28% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,137.08	+0.80%
DJIA	39,087.38	+0.23%
3-mo US Treasury yield	5.38%	-0.50 bps
2-yr US Treasury yield	4.53%	-8.80 bps
10-yr US Treasury yield	4.18%	-6.80 bps
DXY	103.86	-0.28%

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