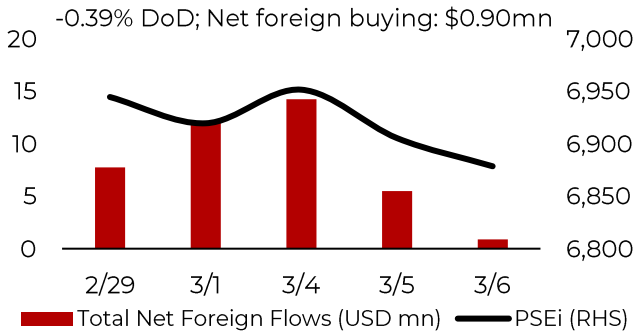


The Morning View

March 7, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,878.54	-0.39%
3-mo bond yield	5.75%	+0.39 bps
2-yr bond yield	6.12%	+0.04 bps
10-yr bond yield	6.26%	-0.34 bps
USDPHP	55.87	-0.14%
Oil (Brent, \$ / barrel)	82.96	+1.12%

Bangko Sentral ng Pilipinas (BSP) Governor Remolona said it is too early to cut interest rates, citing a lack of enough data to assure that inflation would settle comfortably within the 2-4% target. The BSP noted that higher rice prices and higher-than-expected minimum wage hikes remain upside risks to the inflation outlook.

PLDT Inc. (Ticker: TEL) secured a Php1-billion green loan from HSBC for the expansion of its fiber network. In line with TEL's decarbonization goals, the upgrade of the network is expected to eliminate the need for cooling systems and thus help bring down energy costs.

Local equities declined as investors continued to digest the higher-than-expected local inflation print. Weaker manufacturing activity and factory orders data in the US also weighed on market sentiment. The PSEi closed at 6,878.54 (-0.39% DoD).

Local fixed income yields ended mixed but rose on average after BSP Governor Remolona asserted that it is still premature to cut rates amid upside risks to inflation. On average, yields rose by 0.38 bps, with the 2Y closing at 6.12% (+0.04 bps) and the 10Y closing at 6.26% (-0.34 bps).

The **Philippine peso** strengthened after hawkish remarks from BSP Governor Remolona saying that it is too soon to cut rates. The USD/PHP pair closed at 55.87 (-0.14% DoD).

US Federal Reserve Chair Jerome Powell still expects rate cuts to start this year, but "will depend on the path of the economy." He also shared that the Committee sees rate cuts to be appropriate once it has gained greater confidence on the sustainable downtrend of inflation back to the 2% target.

US job openings inched down by 26,000 to 8.86 million in January (December: 8.89 million), while resignations declined by 54,000 to 3.39 million (December: 3.43 million). Albeit still strong, this signals that labor market conditions are gradually cooling. In January, there were 1.45 jobs for every unemployed person.

US equities rebounded after Fed Chair Powell's remarks fueled hopes of a rate cut later this year. Additionally, investors also digested the cooling labor market data. The S&P 500 closed at 5,104.76 (+0.51% DoD) and the DJIA closed at 38,661.05 (+0.20% DoD).

US Treasury yields declined as investors weighed the remarks from Fed Chairman Powell stating that he is still expecting rate cuts later this year. On average, yields fell by 2.60 bps, with the 2Y closing at 4.56% (-0.40 bps) and the 10Y closing at 4.11% (-4.80 bps).

The **US dollar** weakened as the latest job openings data showed slight easing in the labor market. This was also after Fed Chair Powell signaled rate cuts later this year. The DXY closed at 103.37 (-0.41% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,104.76	+0.51%
DJIA	38,661.05	+0.20%
3-mo US Treasury yield	5.40%	+0.90 bps
2-yr US Treasury yield	4.56%	-0.40 bps
10-yr US Treasury yield	4.11%	-4.80 bps
DXY	103.37	-0.41%

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