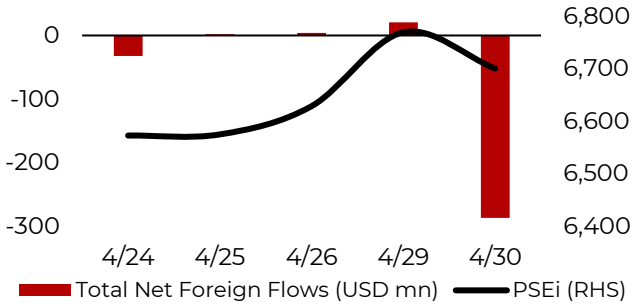


# The Morning View

May 2, 2024

## Philippine Stock Exchange Index

-1.02% DoD; Net foreign selling: \$287.21mn



The **Bangko Sentral ng Pilipinas (BSP)** forecasts that April inflation likely settled within the 3.5% to 4.3% range. This is slower than the 6.6% inflation in April 2023, but possibly higher than the 3.7% inflation in March 2024. The BSP flags upside price pressures, including the continued price increases for rice and meat, higher gasoline costs, and the peso depreciation.

**Ayala Corporation (Ticker: AC) signed a cooperation deal with the New Zealand Trade and Enterprise to explore potential business opportunities.** AC was introduced to senior business leaders from various industries in New Zealand, including manufacturing, airlines, food and beverage, education, and energy.

**Local equities** dropped amid profit taking after a six-day rally. This was also ahead of the US Federal Reserve's policy rate decision. The PSEi closed at 6,700.49 (-1.02% DoD).

**Local fixed income yields** inched higher as the markets weighed the Bangko Sentral ng Pilipinas' (BSP) forecast for April inflation. The BSP said that local inflation likely accelerated within the 3.5-4.3% range in April. On average, yields rose by 0.71 bps, with the 2Y closing at 6.54% (+2.57 bps) and the 10Y closing at 7.03% (+1.58 bps).

The **Philippine peso** weakened after the BSP remarked that PH inflation may have breached the 2% - 4% target in April. The USD/PHP pair closed at 57.76 (+0.15% DoD).

	Level	DoD
PSEi	6,700.49	-1.02%
3-mo bond yield	5.86%	-1.26 bps
2-yr bond yield	6.54%	+2.57 bps
10-yr bond yield	7.03%	+1.58 bps
USDPHP	57.76	+0.15%
Oil (Brent, \$ / barrel)	83.60	-4.85%

**The US Federal Reserve kept its policy rates steady at 5.25% to 5.50% in its meeting last April 30 to May 1** as policymakers flagged the lack of further progress on inflation. Meanwhile, Fed Chair Jerome Powell said that it is unlikely that the next policy rate move will be a hike.

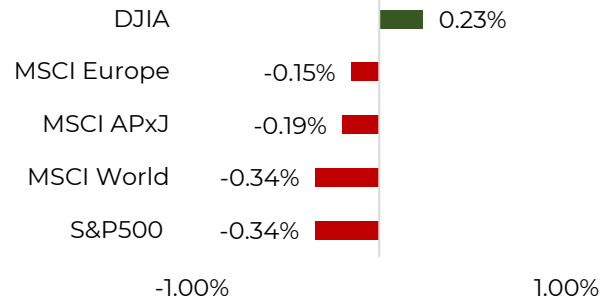
**US job openings fell to a three-year low of 8.49 million in March (February: revised 8.81 million).** The decline was attributed to lower job postings in construction and finance & insurance. This suggests that labor demand is showing signs of gradual easing.

**US equities** ended mixed after the US Federal Reserve maintained its policy rate at the 5.25-5.50% range. Fed Chair Powell still sees inflation decelerating but noted that it might take longer than expected. The S&P 500 closed at 5,018.39 (-0.34% DoD) and the DJIA closed at 37,903.29 (+0.23% DoD).

**US Treasury yields** fell as investors weighed the US Fed's decision to slow the pace of its quantitative tightening. Investors also digested US Fed Chair Powell's remarks ruling out a possible rate hike in June. On average, yields fell by 3.89 bps, with the 2Y closing at 4.96% (-7.50 bps) and the 10Y closing at 4.63% (-5.20 bps).

The **US dollar** weakened as investors digested the US Fed's latest policy rate decision and Chairman Powell's comment that a rate hike is unlikely. The DXY closed at 105.72 (-0.47% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,018.39	-0.34%
DJIA	37,903.29	+0.23%
3-mo US Treasury yield	5.42%	+1.50 bps
2-yr US Treasury yield	4.96%	-7.50 bps
10-yr US Treasury yield	4.63%	-5.20 bps
DXY	105.72	-0.47%

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