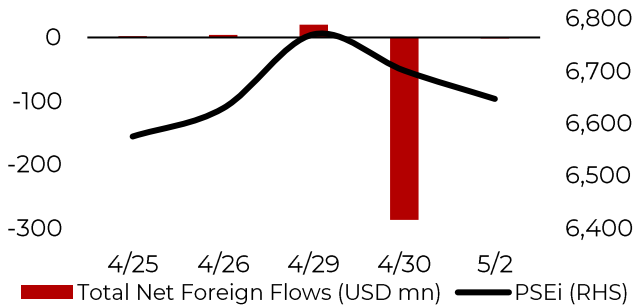


# The Morning View

May 3, 2024

## Philippine Stock Exchange Index

-0.81% DoD; Net foreign selling: \$1.53mn



	Level	DoD
PSEi	6,646.55	-0.81%
3-mo bond yield	5.86%	+0.40 bps
2-yr bond yield	6.53%	-0.77 bps
10-yr bond yield	7.00%	-3.17 bps
USDPHP	57.54	-0.39%
Oil (Brent, \$ / barrel)	83.67	+0.28%

The **local headline inflation has likely quickened to 4.1% in April**, according to a poll of economists. Economists flagged price pressures coming from tight food supply due to El Niño. Private transport is also seen to have contributed to inflation due to the rise in pump prices during the month.

**Manila Electric Company (Ticker: MER) has electrified the Php170.81-million Malinta Substation to enhance electricity services in Valenzuela and Malabon.** The project involved the conversion of the substation's old 115-kilovolt conventional switchyard into a modern-type switchgear.

**Local equities** fell amid concerns over PH inflation likely picking up in April. Investors also weighed the US Federal Reserve's policy decision and Chairman Powell's cautious remarks on inflation and rate outlook. The PSEi closed at 6,646.55 (-0.81% DoD).

**Local fixed income yields** fell ahead of the release of the April nonfarm payrolls data in the US. On average, yields fell by 1.38 bps, with the 2Y closing at 6.53% (-0.77 bps) and the 10Y closing at 7.00% (-3.17 bps).

The **Philippine peso** strengthened after US Federal Reserve maintained its policy rates at 5.25% to 5.50%. The USD/PHP pair closed at 57.54 (-0.39% DoD).

**HCOB's Eurozone manufacturing Purchasing Managers' Index (PMI) fell to 45.7 in April (March: 46.1).** Factory production fell at a slower pace, while new orders declined faster amid weak demand. The index, staying below the 50.0 mark, indicated a contraction of the manufacturing sector.

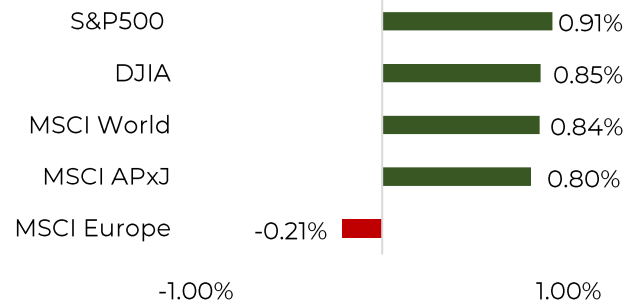
**US Fed Chairman Powell said that the upcoming US presidential election will not influence the Fed's policy rate moves.** He said that decisions will be guided by upcoming data releases and their implications to economic outlook and the balance of risks.

**US equities** rose as the markets continued to process Fed Chair Powell's remark of a probable rate cut, albeit potentially delayed in timing. Investors also anticipated the release of US nonfarm payrolls data. The S&P 500 closed at 5,064.20 (+0.91% DoD) and the DJIA closed at 38,225.66 (+0.85% DoD).

**US Treasury yields** fell ahead of the April nonfarm payrolls data release. Investors also continued weighing the US Fed's decision to slow the pace of its quantitative tightening. On average, yields fell by 4.60 bps, with the 2Y closing at 4.88% (-8.50 bps) and the 10Y closing at 4.58% (-4.70 bps).

The **US dollar** further weakened as investors continued to weigh the Fed's rate decision, and amid the suspected yen intervention by the Bank of Japan. The DXY closed at 105.30 (-0.43% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,064.20	+0.91%
DJIA	38,225.66	+0.85%
3-mo US Treasury yield	5.41%	-1.40 bps
2-yr US Treasury yield	4.88%	-8.50 bps
10-yr US Treasury yield	4.58%	-4.70 bps
DXY	105.30	-0.43%

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