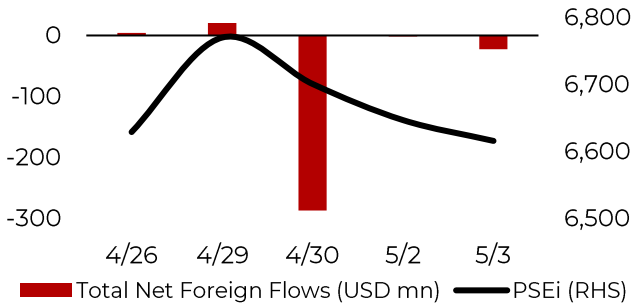


# The Morning View

May 6, 2024

## Philippine Stock Exchange Index

-0.47% DoD; Net foreign selling: \$22.60mn



**PH gross domestic product (GDP) likely grew by 5.9% in 1Q24**, according to a Bloomberg survey. If the median forecast is realized, this would be higher than the 5.5% print in 4Q23. Economists' forecasts range from 5.3% to 6.4%.

**Manila Electric Company (Ticker: MER) sees energy sales volume growing by 5-6% in 2024.** While the company expects strong sales in the first half, it anticipates that growth may be tempered in the third quarter due to the La Niña weather event.

**Local equities** fell ahead of the release of key local macroeconomic data including the April inflation data as well as the first quarter GDP print. The PSEi closed at 6,615.55 (-0.47% DoD).

**Local fixed income yields** declined as investors weighed the weaker-than-expected US nonfarm payrolls in April which supported hopes of a rate cut from the US Federal Reserve. On average, yields fell by 1.19 bps, with the 2Y closing at 6.53% (-0.75 bps) and the 10Y closing at 6.99% (-0.86 bps).

The **Philippine peso** slightly strengthened as investors digested the weaker-than-expected US labor data which boosted hopes of a potential rate cut from the Fed. This was also ahead of the local April inflation print and 1Q24 GDP data release. The USD/PHP pair closed at 57.35 (-0.33% DoD).

	Level	DoD
PSEi	6,615.55	-0.47%
3-mo bond yield	5.86%	-0.24 bps
2-yr bond yield	6.53%	-0.75 bps
10-yr bond yield	6.99%	-0.86 bps
USDPHP	57.35	-0.33%
Oil (Brent, \$ / barrel)	82.96	-0.85%

## US nonfarm payrolls saw a modest increase of 175,000 jobs in April, falling behind the market's expectation of 240,000.

Meanwhile, the April unemployment rate rose to 3.9% (March: 3.8%). The latest data hinted at a cooling labor market, which boosted investors' hopes of a potential US Fed rate cut this year.

## S&P Global UK Services Purchasing Managers' Index (PMI) soared to 55.0 in April (March: 53.1)

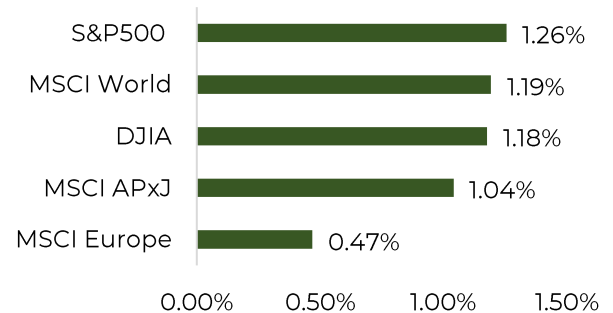
amid a sharp increase in new orders. Meanwhile, input costs rose due to the increase in the National Living Wage in April. The reading, staying above 50.0 for the sixth straight month, signaled a continued expansion.

**US equities** climbed after the softer-than-expected US labor data fueled hopes of a possible rate cut from the Fed. The S&P 500 closed at 5,127.79 (+1.26% DoD) and the DJIA closed at 38,675.68 (+1.18% DoD).

**US Treasury yields** fell as investors digested the weaker-than-expected nonfarm payrolls data and the increase in unemployment rate. On average, yields fell by 4.94 bps, with the 2Y closing at 4.82% (-5.70 bps) and the 10Y closing at 4.51% (-7.10 bps).

The **US dollar** weakened after the latest US nonfarm payrolls data suggested that the labor market is cooling. The DXY closed at 105.03 (-0.26% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,127.79	+1.26%
DJIA	38,675.68	+1.18%
3-mo US Treasury yield	5.41%	-0.20 bps
2-yr US Treasury yield	4.82%	-5.70 bps
10-yr US Treasury yield	4.51%	-7.10 bps
DXY	105.03	-0.26%