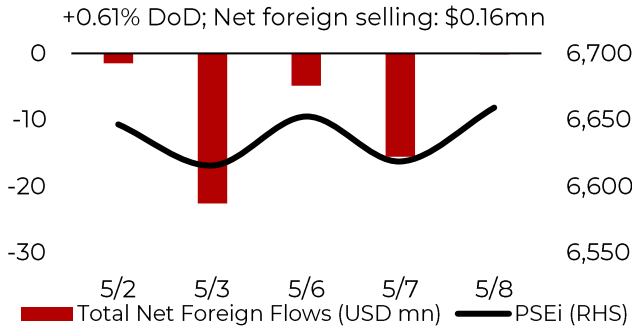


The Morning View

May 9, 2024

Philippine Stock Exchange Index



The **Philippine Statistics Authority** reported that the PH unemployment rate rose to 3.9% in March (February: 3.5%). This translates to 2 million Filipinos who are unemployed (February: 1.8 million). The agriculture sector led the decline, shedding 318,000 jobs, due to El Niño. Transportation and storage, construction, and administrative and support services sectors also saw job declines.

SM Investments Corporation (Ticker: SM) and SM Prime Holdings, Inc. (Ticker: SMPH) jointly established a \$3.0-billion Multi-Issuer European Medium Term Note (EMTN) program. The proceeds will be used to fund the companies' expansion plans. For 2024, SM is allotting Php100-115 billion for capital expenditures.

| | Level | DoD |
|--------------------------|----------|-----------|
| PSEi | 6,659.18 | +0.61% |
| 3-mo bond yield | 5.77% | -3.49 bps |
| 2-yr bond yield | 6.45% | -3.87 bps |
| 10-yr bond yield | 6.84% | -2.58 bps |
| USDPHP | 57.39 | +0.29% |
| Oil (Brent, \$ / barrel) | 83.58 | +0.51% |

Local equities rose on bargain hunting. This was also ahead of the PH Gross Domestic Product (GDP) release. Market consensus expects GDP to grow by 5.9% in 1Q24, higher than the revised 5.5% in 4Q23. The PSEi closed at 6,659.18 (+0.61% DoD).

Local fixed income yields fell as investors continued to digest the lower-than-expected PH inflation print in April. On average, yields fell by 2.34 bps, with the 2Y closing at 6.45% (-3.87 bps) and the 10Y closing at 6.84% (-2.58 bps).

The **Philippine peso** weakened as investors weighed hawkish remarks from several Fed officials. The USD/PHP pair closed at 57.39 (+0.29% DoD).

Federal Reserve Bank of Boston President Susan Collins said that policy rates likely need to be kept at its current level after the recent upward surprises to activity and inflation. She added that the economy needs to cool to ensure that inflation returns sustainably to the Fed's 2% target.

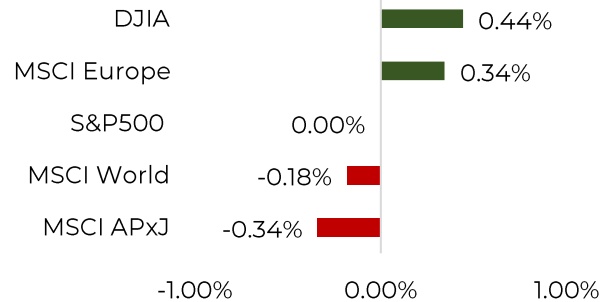
Riksbank, the central bank of Sweden, cut its key interest rate to 3.75% from previously 4.00%. This marks its first rate cut in eight years. Riksbank said that it will likely cut rates two more times later this year if price pressures remain mild.

US equities ended mixed as investors digested various Fed officials' higher-for-longer rhetoric amid lingering inflation risks. Sentiment was also dampened by disappointing 2Q24 forecasts from ride-hailing giant Uber. The S&P 500 closed at 5,187.67 (0.00% DoD) and the DJIA closed at 39,056.39 (+0.44% DoD).

US Treasury yields rose as investors weighed Boston Fed President Collin's hawkish remarks stating that the Fed's interest rate policy will likely be maintained until there is a sustained downtrend in inflation. On average, yields rose by 2.18 bps, with the 2Y closing at 4.84% (+0.70 bps) and the 10Y closing at 4.50% (+3.70 bps).

The **US dollar** slightly strengthened amid cautious remarks from several Fed officials. Investors also awaited the release of key inflation data in the US. The DXY closed at 105.55 (+0.13% DoD).

Global Stock Indices



| | Level | DoD |
|-------------------------|-----------|-----------|
| S&P 500 | 5,187.67 | -0.00% |
| DJIA | 39,056.39 | +0.44% |
| 3-mo US Treasury yield | 5.43% | +1.50 bps |
| 2-yr US Treasury yield | 4.84% | +0.70 bps |
| 10-yr US Treasury yield | 4.50% | +3.70 bps |
| DXY | 105.55 | +0.13% |

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