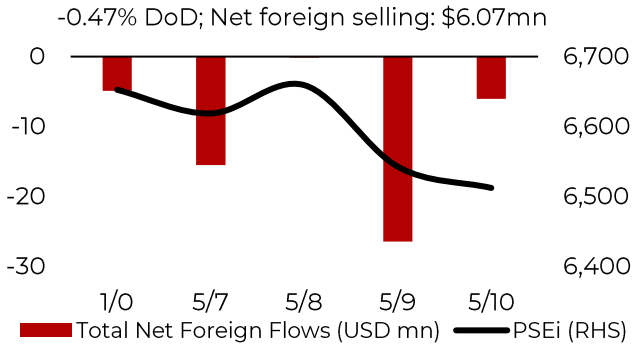


The Morning View

May 13, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,511.93	-0.47%
3-mo bond yield	5.78%	-0.44 bps
2-yr bond yield	6.43%	+0.20 bps
10-yr bond yield	6.85%	+0.46 bps
USDPHP	57.42	+0.07%
Oil (Brent, \$ / barrel)	82.79	-1.30%

The Bangko Sentral ng Pilipinas (BSP) is widely expected to keep its policy rate steady at 6.5% in its upcoming meeting, according to a Bloomberg survey. All 13 analysts expect the BSP to keep rates unchanged. If realized, this would be the 4th meeting since the central bank's last policy move.

SM Prime Holdings, Inc. (Ticker: SMPH) targets to operate 100 malls in the Philippines by 2026. SMPH currently has 85 malls in the country. It plans to open 4 new malls in 2024, 4 or 5 in 2025, and 6 in 2026 to hit the 100-mall mark by the end of 2026.

Local equities fell as investors continued to digest the lower-than-expected 1Q24 gross domestic product (GDP) growth data of the Philippines. This was also amid cautious sentiment due to concerns over stubborn inflation and potentially higher-for-longer interest rates. The PSEi closed at 6,511.93 (-0.47% DoD).

Local fixed income yields fell ahead of the release of key inflation data in the US later this week. On average, yields fell by 0.40 bps, with the 2Y closing at 6.43% (+0.20 bps) and the 10Y closing at 6.85% (+0.46 bps).

The **Philippine peso** weakened ahead of key US inflation data. Investors also weighed the weaker-than-expected local GDP data release. The USD/PHP pair closed at 57.42 (+0.07% DoD).

University of Michigan Consumer Sentiment Index fell to a six-month low of 67.4 in May (April: 77.2) as households worried about higher inflation and unemployment. The survey also showed that consumers' one-year inflation expectation jumped to 3.5% (April: 3.2%), while the five-year outlook rose to 3.1% (April: 3.0%).

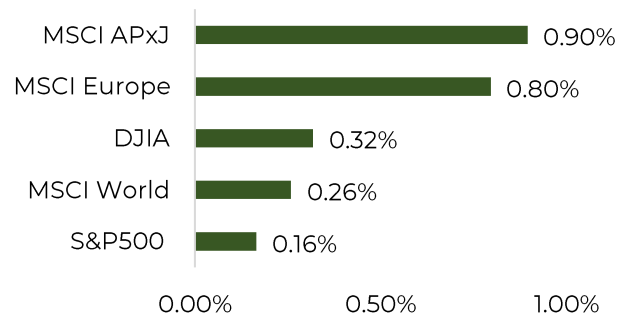
Atlanta Fed President Raphael Bostic said that he still sees a 25-basis point rate cut coming later this year. Despite inflation remaining above 2% in 1Q24, he noted that an expected slowdown in wage and job growth should set the stage for further inflation progress through the year.

US equities slightly rose ahead of the US Consumer and Producer price indexes (CPI and PPI) inflation data releases this week. Investors also digested various Fed officials' commentary regarding inflation and monetary policy. The S&P 500 closed at 5,222.68 (+0.16% DoD) and the DJIA closed at 39,512.84 (+0.32% DoD).

US Treasury yields rose as investors weighed the significant uptick in inflation expectations. On average, yields rose by 3.06 bps, with the 2Y closing at 4.87% (+5.00 bps) and the 10Y closing at 4.50% (+4.30 bps).

The **US dollar** slightly strengthened amid the uptick in consumer inflation expectations. The DXY closed at 105.30 (+0.07% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,222.68	+0.16%
DJIA	39,512.84	+0.32%
3-mo US Treasury yield	5.41%	-0.50 bps
2-yr US Treasury yield	4.87%	+5.00 bps
10-yr US Treasury yield	4.50%	+4.30 bps
DXY	105.30	+0.07%