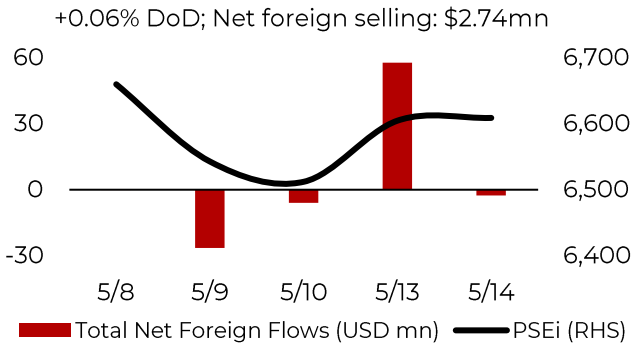


The Morning View

May 15, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,608.36	+0.06%
3-mo bond yield	5.78%	+0.31 bps
2-yr bond yield	6.44%	+0.42 bps
10-yr bond yield	6.86%	+0.34 bps
USDPHP	57.84	-0.03%
Oil (Brent, \$ / barrel)	82.38	-1.18%

The House of Representatives approved the amendments to the rice tariffication law on second reading. The bill will allow the National Food Authority to sell rice at subsidized prices during emergencies. The bill will also increase funding for the Rice Competitiveness Enhancement Fund.

Ayala Corporation (Ticker: AC) posted an attributable net income of Php13.1 billion in 1Q24, up by 28% from a year ago. Strong growth for the quarter is attributable to the performance of its core businesses, such as banking, real estate, and power.

Local equities was flat ahead of the US producer price index (PPI) and consumer price index (CPI) inflation data releases, as well as the Bangko Sentral ng Pilipinas' (BSP) policy meeting this week. The PSEi closed at 6,608.36 (+0.06% DoD).

Local fixed income yields rose ahead of key US inflation data releases. On average, yields rose by 0.80 bps, with the 2Y closing at 6.44% (+0.42 bps) and the 10Y closing at 6.86% (+0.34 bps).

The **Philippine peso** slightly strengthened amid investors' profit-taking. This was also ahead of US Fed Chair Powell's speech overnight and key US inflation data releases. The USD/PHP pair closed at 57.84 (-0.03% DoD).

US Producer Price Index (PPI) rose by 0.5% MoM in April, from a downwardly revised March PPI of -0.1% (previously: 0.2%). The April print was above market estimate of only a 0.3% rise. Cost of services saw strong gains, led by portfolio management and hotel accommodation. Meanwhile, goods prices rebounded in April.

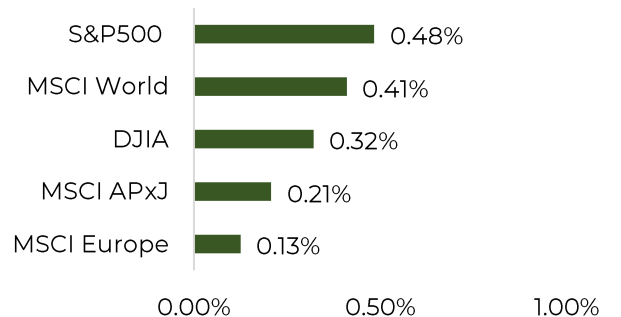
US Federal Reserve Chair Jerome Powell said that the central bank will likely keep rates higher for longer as inflation is falling more slowly than expected. Even if potential rate cuts have become less certain, he shared that inflation is still expected to come down and a rate hike is unlikely.

US equities inched up as investors digested Fed Chair Powell's comment saying a rate hike is unlikely as well as the mixed PPI report. The S&P 500 closed at 5,246.68 (+0.48% DoD) and the DJIA closed at 39,558.11 (+0.32% DoD).

US Treasury yields fell following the downward revision of March US PPI inflation and US Fed Chair Powell's comment saying that inflation is still expected to ease and a rate hike is unlikely. On average, yields fell by 3.48 bps, with the 2Y closing at 4.82% (-4.80 bps) and the 10Y closing at 4.44% (-4.70 bps).

The **US dollar** weakened following the higher-than-expected PPI inflation print. This was also ahead of the US CPI data release. The DXY closed at 105.01 (-0.19% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,246.68	+0.48%
DJIA	39,558.11	+0.32%
3-mo US Treasury yield	5.40%	-1.10 bps
2-yr US Treasury yield	4.82%	-4.80 bps
10-yr US Treasury yield	4.44%	-4.70 bps
DXY	105.01	-0.19%

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