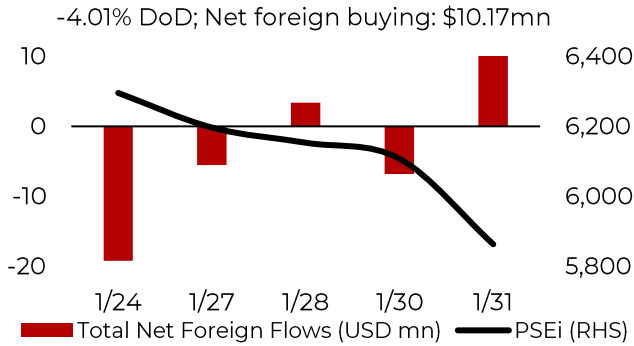


The Morning View

February 3, 2025

Philippine Stock Exchange Index



	Level	DoD
PSEi	5,862.59	-4.01%
3-mo bond yield	5.28%	-6.33 bps
2-yr bond yield	5.79%	-1.65 bps
10-yr bond yield	6.23%	-0.31 bps
USDPHP	58.37	+0.15%
Oil (Brent, \$ / barrel)	76.76	-0.14%

The Bangko Sentral ng Pilipinas (BSP) is eyeing a total of 50-bp policy rate cuts to 5.25% in FY2025, one 25-bp each in 1H25 and 2H25. BSP Governor Remolona stated that 75 bps might be too much as he believes the economy is not in a “hard landing” scenario. He also added that a rate cut in the February policy meeting is still on the table.

China Banking Corp.’s (PSE: CBC) shares surged ahead of its reentry into the Philippine Stock Exchange index (PSEi) today. CBC was the most actively traded stock in value terms last week, with 76.39 million shares worth Php6.51 billion changing hands. CBC closed at Php93.00 on Friday, up 33.8% week-on-week.

Local equities declined, local fixed income yields fell, and the Philippine peso slightly weakened as investors continued to digest the country’s below-target economic growth of 5.6% YoY in FY2024. The local stock market’s drop to its lowest level since October 2022 was also amid the annual PSEi rebalancing.

The PSEi closed at 5,862.59 (-4.01% DoD).

On average, local fixed income yields fell by 2.01 bps, with the 2Y closing at 5.79% (-1.65 bps) and the 10Y closing at 6.23% (-0.31 bps).

The USD/PHP pair closed at 58.37 (+0.15% DoD).

US Personal Consumption Expenditures (PCE) inflation rose to 2.6% YoY in December (November: 2.4%), the biggest gain in seven months but still in line with market expectations.

Meanwhile, core PCE, the Fed’s preferred inflation gauge, rose by 2.8% YoY in December. This was unchanged for the third straight month and came in line with expectations.

President Donald Trump imposed 25% tariffs on Canadian and Mexican imports and an extra 10% on Chinese goods. Under the International Emergency Economic Powers Act, Trump declared a national emergency to prevent fentanyl and illegal immigration from entering the US. Energy imported from Canada, including oil, natural gas and electricity, would also be taxed at a 10% rate.

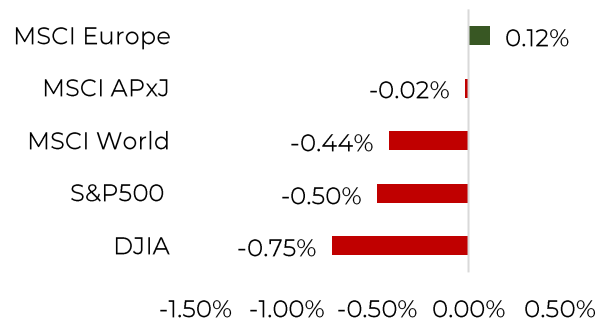
US equities declined, US Treasury yields rose, and the US dollar strengthened as investors digested the announcement that Trump will declare tariffs on Canada, Mexico, and China. Investors also weighed the December US PCE inflation print, which quickened but came in line with expectations.

The S&P 500 closed at 6,040.53 (-0.50% DoD) and the DJIA closed at 44,544.66 (-0.75% DoD).

On average, US Treasury yields rose by 1.23 bps, with the 2Y closing at 4.20% (-0.80 bps) and the 10Y closing at 4.54% (+2.50 bps).

The DXY closed at 108.37 (+0.53% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,040.53	-0.50%
DJIA	44,544.66	-0.75%
3-mo US Treasury yield	4.29%	-0.20 bps
2-yr US Treasury yield	4.20%	-0.80 bps
10-yr US Treasury yield	4.54%	+2.50 bps
DXY	108.37	+0.53%

This material, which is strictly for information purposes only, is for your sole use, does not constitute a recommendation or an offer to sell or a solicitation to buy any financial product. Any information is subject to change without notice and BPI Wealth is not under any obligation to update or keep current the information contained herein. You are advised to make your own independent judgment with respect to the matter contained in this document. No liability whatsoever is accepted for any loss that may arise (whether direct or consequential) from any use of the information contained herein.

All funds managed by BPI Wealth are Trust and/or Investment Management Funds, which do not carry any guarantee of income or principal, and are NOT covered by the Philippine Deposit Insurance Corporation. Past performance is not a guarantee of future results. BPI Wealth Investment Funds are valued daily using the marked-to-market method.