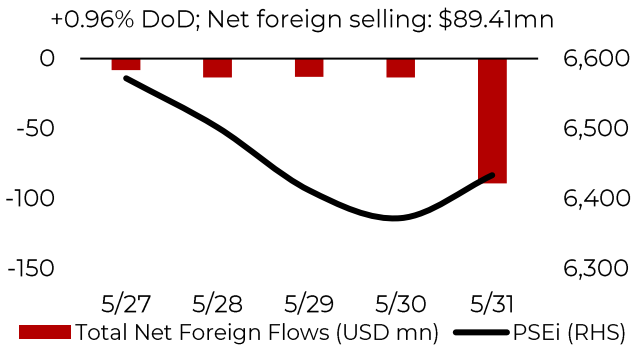


The Morning View

June 3, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,433.10	+0.96%
3-mo bond yield	5.74%	+0.65 bps
2-yr bond yield	6.31%	+0.29 bps
10-yr bond yield	6.75%	-1.27 bps
USDPHP	58.51	-0.21%
Oil (Brent, \$ / barrel)	81.62	-0.29%

Philippine headline inflation will likely hit 4.0% in May, according to a Bloomberg poll. Bloomberg surveyed 22 firms and received forecasts ranging from 3.7% to 4.1%. The range of forecasts is within the Bangko Sentral ng Pilipinas' forecast range of 3.7% to 4.5% for the month.

JG Summit Holdings, Inc.'s (PSEi Ticker: JGS) fintech arm GoTyme Bank inked a public-private partnership with the Philippine government. GoTyme agreed with the Department of Information and Communications Technology's Cybercrime Investigation and Coordinating Center to strengthen its safeguards against cyberthreats.

Local equities rebounded on the back of bargain hunting after a five-day decline. This was also ahead of key inflation data in the US. The PSEi closed at 6,433.10 (+0.96% DoD).

Local fixed income yields ended mixed but slightly rose on average as investors weighed the potential uptick in the local inflation print for May. On average, yields rose by 0.06 bps, with the 2Y closing at 6.31% (+0.29 bps) and the 10Y closing at 6.75% (-1.27 bps).

The **Philippine peso** strengthened amid a broadly weaker dollar after the downward revision in 1Q24 US Gross Domestic Product (GDP) growth. The USD/PHP pair closed at 58.51 (-0.21% DoD).

US core personal consumption expenditures (PCE) inflation, the Federal Reserve's preferred inflation measure, was steady at 2.8% YoY in April. On a MoM basis, it moderated to 0.2% (March: +0.3%). While both came in line with market expectations of 2.8% YoY and 0.2% MoM, the prices of services and nondurable goods remained sticky.

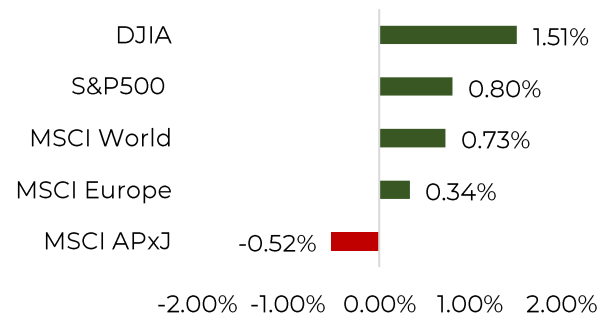
Euro zone inflation accelerated to 2.6% YoY in May (April: 2.4%), above the market's expectation of only a 2.5% rise. The rise was likely fueled by the larger-than-expected wage increases in 1Q24, which have boosted consumer demand.

US equities rose after the US core PCE data for April came in line with the market's expectation. The S&P 500 closed at 5,277.51 (+0.80% DoD) and the DJIA closed at 38,686.32 (+1.51% DoD).

US Treasury yields fell as investors weighed the recent US April core PCE inflation data release which buoyed the market's hopes for rate cuts later this year. On average, yields fell by 3.61 bps, with the 2Y closing at 4.88% (-5.40 bps) and the 10Y closing at 4.50% (-4.70 bps).

The **US dollar** marginally weakened following the MoM deceleration in US April PCE inflation data. The DXY closed at 104.67 (-0.04% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,277.51	+0.80%
DJIA	38,686.32	+1.51%
3-mo US Treasury yield	5.39%	-0.50 bps
2-yr US Treasury yield	4.88%	-5.40 bps
10-yr US Treasury yield	4.50%	-4.70 bps
DXY	104.67	-0.04%

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