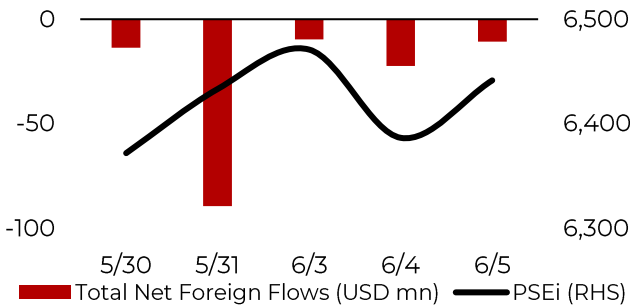


The Morning View

June 6, 2024

Philippine Stock Exchange Index

+0.86% DoD; Net foreign selling: \$10.80mn



	Level	DoD
PSEi	6,441.32	+0.86%
3-mo bond yield	5.75%	+1.03 bps
2-yr bond yield	6.28%	-1.20 bps
10-yr bond yield	6.72%	-1.91 bps
USDPHP	58.78	+0.12%
Oil (Brent, \$ / barrel)	78.41	+1.15%

The **Philippine Statistics Authority (PSA)** reported that **PH inflation quickened to 3.9% in May (April: 3.8%) but fell below the market consensus expectation of 4.0%**. The acceleration was mainly due to higher utility and transport costs. Meanwhile, core inflation further eased to 3.1% from 3.2% in the previous month.

DMCI Holdings, Inc.'s (PSEi Ticker: DMCI) real estate arm, DMCI Homes, allocated Php6.0 billion for its eco-agri condotel in Benguet. DMCI Homes disclosed that the residential resort project initially launched 522 units in May.

Local equities rebounded as investors cheered the lower-than-expected May local inflation print. The PSEi closed at 6,441.32 (+0.86% DoD).

Local fixed income yields slightly fell after PH inflation came in at 3.9%, below the Bloomberg consensus expectation of 4.0%. On average, yields fell by 0.14 bps, with the 2Y closing at 6.28% (-1.20 bps) and the 10Y closing at 6.72% (-1.91 bps).

The **Philippine peso** weakened after the lower-than-expected local inflation print for May raised bets that the Bangko Sentral ng Pilipinas will cut rates before the US Federal Reserve. The USD/PHP pair closed at 58.78 (+0.12% DoD).

Automatic Data Processing (ADP), Inc. reported that companies added 152,000 private payrolls in May, less than the consensus expectations of 175,000. This is the lowest monthly addition since January. Most of the hiring came from the services sector, as goods contributed a net 3,000 addition to payrolls.

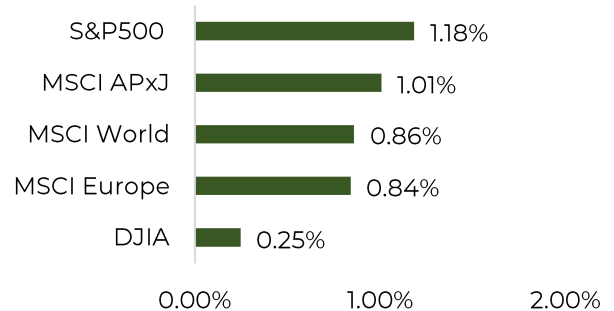
US Institute for Supply Management (ISM) services PMI rebounded to 53.8 in May (April: 49.4), exceeding market's expectation of 51.0. This suggests a recovery from previous month's contraction amid higher business activity and faster new orders growth.

US equities rose on the back of the weaker-than-expected private payrolls report, which boosted hopes for a rate cut. Gains were also supported by tech stocks, led by Nvidia after it announced new chips. The S&P 500 closed at a fresh high of 5,354.03 (+1.18% DoD) and the DJIA closed at 38,807.33 (+0.25% DoD).

US Treasury yields fell as investors digested the softer-than-expected private payrolls data, supporting a potential rate cut from the Fed this year. On average, yields fell by 3.52 bps, with the 2Y closing at 4.72% (-4.80 bps) and the 10Y closing at 4.28% (-5.10 bps).

The **US dollar** slightly strengthened following the stronger-than-expected services PMI data. The DXY closed at 104.27 (+0.15% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,354.03	+1.18%
DJIA	38,807.33	+0.25%
3-mo US Treasury yield	5.42%	+0.20 bps
2-yr US Treasury yield	4.72%	-4.80 bps
10-yr US Treasury yield	4.28%	-5.10 bps
DXY	104.27	+0.15%

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