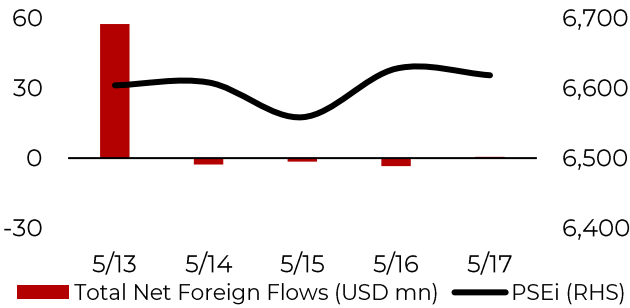


# The Morning View

May 20, 2024

## Philippine Stock Exchange Index

-0.14% DoD; Net foreign buying: \$0.54mn



	Level	DoD
PSEi	6,618.69	-0.14%
3-mo bond yield	5.80%	-2.89 bps
2-yr bond yield	6.36%	-4.23 bps
10-yr bond yield	6.61%	-5.83 bps
USDPHP	57.62	+0.27%
Oil (Brent, \$ / barrel)	83.98	+0.85%

**The Department of Finance (DoF) says it has no plans on further increasing sin tax rates** but will investigate lost tax revenues due to cigarette smuggling. The DoF also said that further tax rate increases may stoke inflation and that tax collection reached Php65.3 billion in 2022, a 23% increase.

**San Miguel Corporation's (PSEi Ticker: SMC) Metro Rail Transit Line 7 (MRT-7) project is experiencing delays due to right-of-way issues in San Jose del Monte City, Bulacan.** Due to the issues, the San Jose del Monte station is now expected to be completed by 2027 or 2028.

**Local equities** slightly declined amid last minute selling and as investors digested the Bangko Sentral ng Pilipinas' (BSP) decision to maintain its policy rate at 6.50%. The PSEi closed at 6,618.69 (-0.14% DoD).

**Local fixed income yields** fell as investors weighed BSP Governor Remolona's statement that a rate cut is possible as early as August. On average, yields fell by 4.34 bps, with the 2Y closing at 6.36% (-4.23 bps) and the 10Y closing at 6.61% (-5.83 bps).

The **Philippine peso** weakened as investors continued to weigh hawkish sentiment from several Fed officials. Moreover, this was also following dovish remarks from BSP Governor Remolona. The USD/PHP pair closed at 57.62 (+0.27% DoD).

**US Federal Reserve Governor Michelle Bowman reiterated her view that inflation will ease further with the policy rate held steady.** However, she said that she remains willing to hike rates should inflation progress stall or reverse. Bowman added that she will maintain her cautious approach in considering future changes in the monetary policy stance.

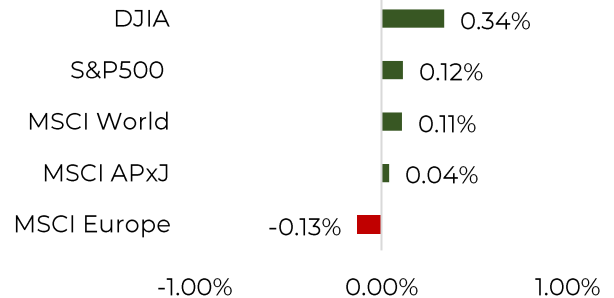
**European Central Bank (ECB) Governing Council member Bostjan Vasle said that June is an appropriate timing to cut policy rates.** On further cuts, he mentioned that he wants to wait for more data.

**US equities** climbed as strong US corporate earnings and cooling US inflation sparked renewed hopes for a potential US Fed rate cut. The S&P 500 closed at 5,303.27 (+0.12% DoD) and the DJIA closed at 40,003.59 (+0.34% DoD).

**US Treasury yields** rose following relatively hawkish remark from Fed Governor Bowman who is considering the possibility of rate hikes if inflation progress stalls. On average, yields rose by 3.35 bps, with the 2Y closing at 4.83% (+3.00 bps) and the 10Y closing at 4.42% (+4.70 bps).

The **US dollar** closed flattish as market participants weighed the slower US inflation in April and hawkish comments from Fed officials. The DXY closed at 104.45 (-0.02% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,303.27	+0.12%
DJIA	40,003.59	+0.34%
3-mo US Treasury yield	5.41%	+0.30 bps
2-yr US Treasury yield	4.83%	+3.00 bps
10-yr US Treasury yield	4.42%	+4.70 bps
DXY	104.45	-0.02%

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