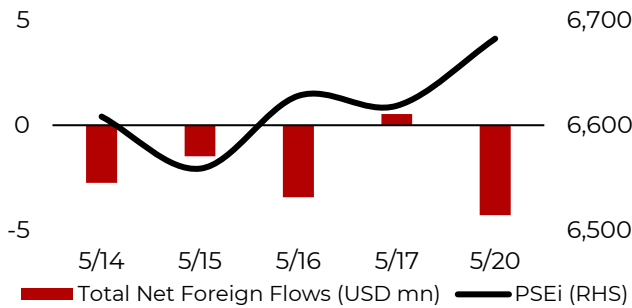


# The Morning View

May 21, 2024

## Philippine Stock Exchange Index

+0.97% DoD; Net foreign selling: \$4.28mn



	Level	DoD
PSEi	6,682.78	+0.97%
3-mo bond yield	5.86%	+6.36 bps
2-yr bond yield	6.33%	-2.60 bps
10-yr bond yield	6.63%	+1.65 bps
USDPHP	57.90	+0.49%
Oil (Brent, \$ / barrel)	83.71	-0.32%

The **Bangko Sentral ng Pilipinas (BSP)** reported that the **Philippines' debt service burden rose by 7.1% YoY to \$2.38 billion as of February 2024**. The larger debt service was mainly driven by interest payments, which jumped by 15.3% to \$1.21 billion.

**ACEN Corporation (PSEi Ticker: ACEN)** executed a **parent company guarantee in support of the Php1.4-billion loan of its subsidiary San Carlos Solar Energy Inc. (SACASOL)**. The corporate guarantee is in favor of SACASOL's lender, BDO Unibank, Inc. (Ticker: BDO).

**Local equities** rose amid optimism on BSP Governor Remolona's comment of a possible rate cut in 2H24. Investors also digested positive cues in Wall Street over the weekend. The PSEi closed at 6,682.78 (+0.97% DoD).

**Local fixed income yields** ended mixed but rose on average as investors digested comments from Fed officials who emphasized the need for greater confidence before easing policy. On average, yields rose by 1.55 bps, with the 2Y closing at 6.33% (-2.60 bps) and the 10Y closing at 6.63% (+1.65 bps).

The **Philippine peso** weakened as investors continued to digest BSP Governor Remolona's dovish remarks. The USD/PHP pair closed at 57.90 (+0.49% DoD).

**Cleveland Fed President Loretta Mester said that three rate cuts in 2024 is no longer appropriate.** She added that policymakers need to wait for more evidence about the path of inflation before adjusting rates. Mester still expects inflation to ease but said that the Fed could raise rates if progress toward the 2% target stalls.

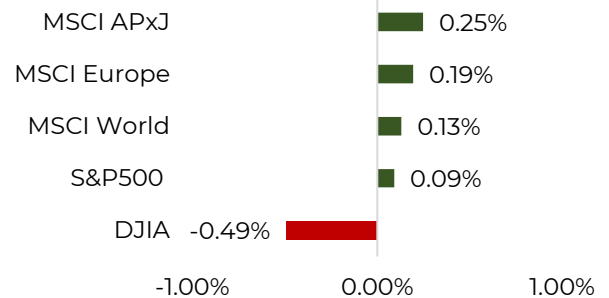
**Bank of England Deputy Governor Ben Broadbent said that a rate cut is possible "some time over the summer."** He noted survey evidence that wage growth is likely to gradually decelerate, which could help further alleviate price pressures.

**US equities** closed mixed ahead of the release of tech giant NVIDIA's 1Q24 earnings results on Wednesday. Investors also weighed Fed officials' cautious approach on monetary policy. The S&P 500 closed at 5,308.13 (+0.09% DoD) and the DJIA closed at 39,806.77 (-0.49% DoD).

**US Treasury yields** rose as investors weighed various Fed officials' remarks that rate cuts are on hold until a sustainable downtrend in inflation is observed. On average, yields rose by 1.84 bps, with the 2Y closing at 4.85% (+2.50 bps) and the 10Y closing at 4.45% (+2.30 bps).

The **US dollar** strengthened amid cautious remarks from several Fed officials. The DXY closed at 104.57 (+0.11% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,308.13	+0.09%
DJIA	39,806.77	-0.49%
3-mo US Treasury yield	5.41%	-0.40 bps
2-yr US Treasury yield	4.85%	+2.50 bps
10-yr US Treasury yield	4.45%	+2.30 bps
DXY	104.57	+0.11%