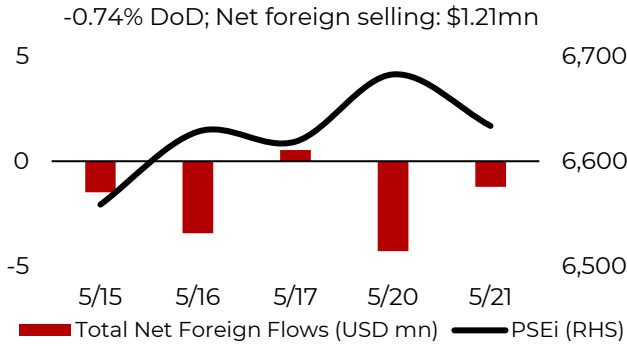


The Morning View

May 22, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,633.66	-0.74%
3-mo bond yield	5.85%	-1.59 bps
2-yr bond yield	6.33%	-0.45 bps
10-yr bond yield	6.67%	+4.39 bps
USDPHP	58.27	+0.64%
Oil (Brent, \$ / barrel)	82.88	-0.99%

The Bangko Sentral ng Pilipinas reported that the country's balance of payments deficit widened to \$639 million in April, wider than the \$148 million deficit reported a year prior. The deficit was primarily driven by repayment of foreign debt obligations and the continued trade deficit.

Ayala Land, Inc. (PSEi Ticker: ALI) raised **Php3.18 billion** from a block sale of AREIT shares as part of a property-for-share swap deal. ALI and its wholly owned subsidiary, Westview Commercial Ventures Corp., sold an aggregate of 98 million common shares of AREIT at Php32.45 per share to institutional investors.

Local equities dropped after the peso weakening to the Php58 per dollar-level dampened market sentiment. The PSEi closed at 6,633.66 (-0.74% DoD).

Local fixed income yields closed mixed but rose on average following various comments from Fed officials urging caution on the timing of rate cuts. On average, yields rose by 1.36 bps, with the 2Y closing at 6.33% (-0.45 bps) and the 10Y closing at 6.67% (+4.39 bps).

The **Philippine peso** weakened following hawkish remarks from Cleveland Fed President Mester stating that three rate cuts are no longer appropriate for the year. The USD/PHP pair closed at 58.27 (+0.64% DoD).

US Federal Reserve Governor Christopher Waller said that he wants 'several months' of good inflation data before cutting rates. Nonetheless, he does not think further rate hikes would be necessary, given recent data suggesting that higher rates have helped ease demand.

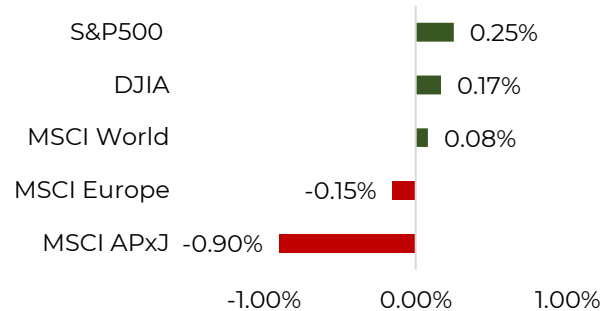
European Central Bank President Christine Lagarde said that she is "really confident" that euro zone inflation is under control. She also signaled that a rate cut in June is probable if incoming data reinforces the level of confidence needed to bring down inflation to 2% in the medium term.

US equities rose ahead of the release of US Federal Reserve's latest policy meeting minutes. Investors also anticipated Nvidia's first-quarter earnings results. The S&P 500 closed at 5,321.41 (+0.25% DoD) and the DJIA closed at 39,872.99 (+0.17% DoD).

US Treasury yields fell following cautious remarks from US Fed Governor Waller stating he does not think further rate hikes are necessary but wants to see the sustained downtrend of inflation before cutting. On average, yields fell by 2.35 bps, with the 2Y closing at 4.83% (-2.10 bps) and the 10Y closing at 4.41% (-3.30 bps).

The **US dollar** strengthened after some Fed officials signaled patience on rate cuts. The DXY closed at 104.66 (+0.09% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,321.41	+0.25%
DJIA	39,872.99	+0.17%
3-mo US Treasury yield	5.41%	0.00 bps
2-yr US Treasury yield	4.83%	-2.10 bps
10-yr US Treasury yield	4.41%	-3.30 bps
DXY	104.66	+0.09%

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