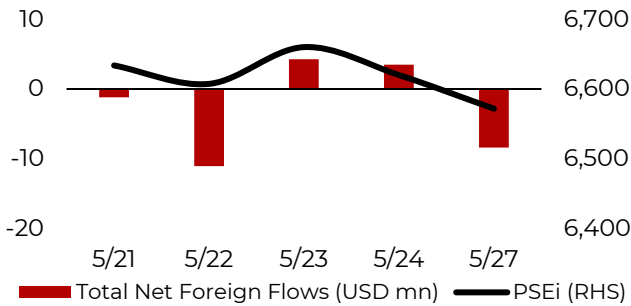


# The Morning View

May 28, 2024

## Philippine Stock Exchange Index

-0.73% DoD; Net foreign selling: \$8.40mn



	Level	DoD
PSEi	6,571.60	-0.73%
3-mo bond yield	5.75%	-3.55 bps
2-yr bond yield	6.30%	-0.79 bps
10-yr bond yield	6.74%	+2.60 bps
USDPHP	58.11	-0.14%
Oil (Brent, \$ / barrel)	83.10	+1.19%

**Finance Secretary Ralph Recto** said that the Bangko Sentral ng Pilipinas (BSP) may cut interest rates by as much as 150 bps in the next two years given the downtrend in inflation. He added that it is possible for the Monetary Board to start cutting rates in 3Q24. Secretary Recto is also not expecting rates to go higher.

**Manila Electric Company (PSEi Ticker: MER) is seeking bids for a 10-year power supply agreement to provide 500 megawatts of renewable energy (RE) capacity.** This is to comply with the Department of Energy's requirement to get a portion of energy supply from eligible RE sources.

**Local equities** fell as investors stayed on the sidelines ahead of the release of the US personal consumption expenditures (PCE) inflation data for April. The PSEi closed at 6,571.60 (-0.73% DoD).

**Local fixed income yields** ended mixed but fell on average as investors weighed dovish remarks from Finance Secretary Recto. On average, yields fell by 0.03 bps, with the 2Y closing at 6.30% (-0.79 bps) and the 10Y closing at 6.74% (+2.60 bps).

The **Philippine peso** strengthened on the back of a weaker dollar as investors weighed on the University of Michigan consumer survey which showed a better consumer outlook on inflation. The USD/PHP pair closed at 58.11 (-0.14% DoD).

**Bank of Finland Governor Olli Rehn said that the time is ripe in June for the European Central Bank (ECB) to ease monetary policy stance** as inflation is sustainably falling within the 2% target. Meanwhile, ECB's Chief Economist Philip Lane said that the subsequent pace of rate cuts will depend on the strength of underlying inflation and demand.

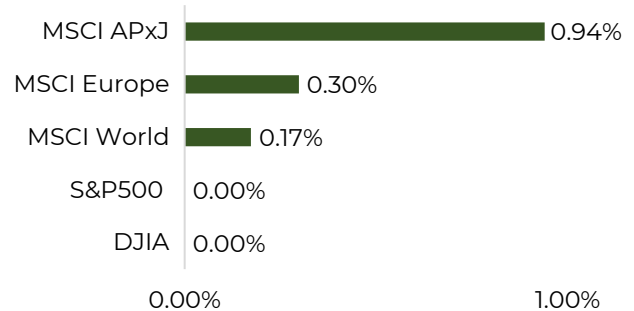
**Bank of Japan (BOJ) Governor Kazuo Ueda said that the BOJ will proceed cautiously with inflation-targeting frameworks.** He added that the prolonged period of near-zero interest rates poses a unique challenge in assessing the Japanese economy's response to rate movements. Nonetheless, he said that progress has been made in anchoring inflation expectations to the 2% target.

**US equities** remained unchanged as markets were closed in observance of Memorial Day. The S&P 500 closed at 5,304.72 (0.00% DoD) and the DJIA closed at 39,069.59 (0.00% DoD).

**US Treasury yields** were flat as markets were closed in observance of Memorial Day in the US. Yields remained unchanged with the 2Y closing at 4.95% (0.00 bps) and the 10Y closing at 4.47% (0.00 bps).

The **US dollar** weakened ahead of key US data releases, including the Personal Consumption Expenditures (PCE) inflation in April. The DXY closed at 104.60 (-0.12% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,304.72	0.00%
DJIA	39,069.59	0.00%
3-mo US Treasury yield	5.41%	0.00 bps
2-yr US Treasury yield	4.95%	0.00 bps
10-yr US Treasury yield	4.47%	0.00 bps
DXY	104.60	-0.12%