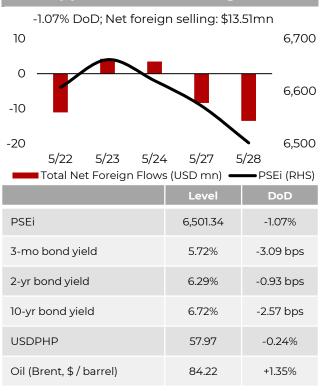
BPI WEALTH

The Morning View

May 29, 2024

Philippine Stock Exchange Index



The **Bangko Sentral ng Pilipinas (BSP)** projects that the Philippine gross domestic product growth could fall below the targets of 6-7% for 2024 and 6.5-7.5% for 2025. Weaker demand due to higher global oil prices and elevated interest rates could weigh on growth. Nonetheless, improving labor market conditions and stable infrastructure spending may drive productivity.

PLDT Inc. (PSEi Ticker: TEL) has agreed to discuss a collective bargaining agreement (CBA) with its labor union, effectively averting a planned strike. The parties' negotiations will start by September and will cover the 2024-2027 CBA.

Local equities dropped as investors digested signals from the BSP that monetary policy could be kept restrictive amid prevailing upside risks to inflation. The PSEi closed at 6,501.34 (-1.07% DoD).

Local fixed income yields declined ahead of the release of the US Personal Consumption Expenditures (PCE) data for April. On average, yields fell by 1.72 bps, with the 2Y closing at 6.29% (-0.93 bps) and the 10Y closing at 6.72% (-2.57 bps).

The **Philippine peso** strengthened ahead of the US PCE data release this Friday. Investors also weighed remarks from the BSP stating that monetary policy may remain restrictive. The USD/PHP pair closed at 57.97 (-0.24% DoD).

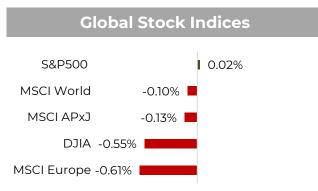
US Consumer Confidence Index jumped to 102.0 in May (April: 97.5), according to Conference Board survey. This was bolstered by optimism on the labor market amid continued positive job growth and rising wages. However, consumers' 12-month inflation expectations rose to 5.4% (April: 5.3%).

Dutch central bank President Klaas Knot said that the European Central Bank (ECB) can gradually lower interest rates amid easing eurozone inflation. He added that the ECB can focus on quarterly meetings to decide on future rate cuts when new economic forecasts are published.

US equities closed mixed as investors remained cautious ahead of the release of April PCE inflation in the US. The S&P 500 closed at 5,306.04 (+0.02% DoD) and the DJIA closed at 38,852.86 (-0.55% DoD).

US Treasury yields rose ahead of the April US PCE report on Friday. Traders also exhibited weaker appetite for 5-year notes in a recent \$70 billion auction. On average, yields rose by 5.17 bps, with the 2Y closing at 4.98% (+3.1 bps) and the 10Y closing at 4.55% (+8.5 bps).

The **US dollar** was flat in anticipation of the release of the Fed's preferred inflation gauge later this week. The DXY closed at 104.61 (+0.02% DoD).



-1.00% -0.50% 0.00% 0.50% 1.00%

	Level	DoD
S&P 500	5,306.04	+0.02%
DJIA	38,852.86	-0.55%
3-mo US Treasury yield	5.41%	-0.40 bps
2-yr US Treasury yield	4.98%	+3.10 bps
10-yr US Treasury yield	4.55%	+8.50 bps
DXY	104.61	+0.02%

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