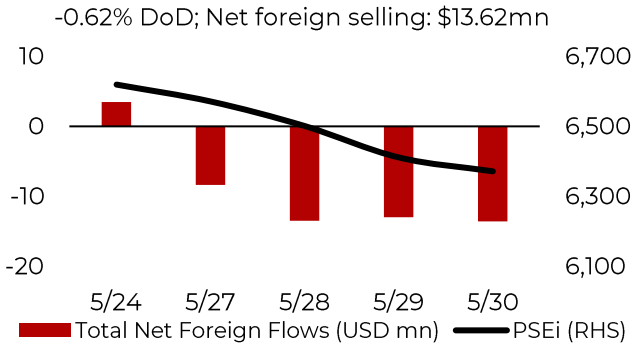


# The Morning View

May 31, 2024

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,371.75	-0.62%
3-mo bond yield	5.73%	+1.07 bps
2-yr bond yield	6.31%	+0.41 bps
10-yr bond yield	6.76%	+2.02 bps
USDPHP	58.64	+0.37%
Oil (Brent, \$ / barrel)	81.86	-2.08%

**The Bureau of the Treasury (BTr) reported that the National Government's outstanding debt rose to Php15.02 trillion as of end-April, a 0.61% MoM increase.** The BTr attributed the increase to the weaker peso. Domestic debt rose by 0.3% MoM to Php10.31 trillion, while external debt climbed by 1.3% MoM to Php4.71 trillion.

**Alliance Global Group, Inc.'s (PSEi Ticker: AGI) real estate development arm Megaworld Corp. (PSEi Ticker: MEG) inked the Php817.5-million Arcovia City IT Park deal** with the Philippine Economic Zone Authority. Currently, MEG oversees 9 ecozones with 221 registered businesses, generating \$3.29 billion in exports.

**Local equities** fell amid the continued weakening of the peso. Bangko Sentral ng Pilipinas' report showing that inflation may go above target in 2024 and 2025 also weighed down on investors' sentiment. The PSEi closed at 6,371.75 (-0.62% DoD).

**Local fixed income yields** climbed as investors weighed various Fed officials' higher-for-longer rhetoric. On average, yields rose by 0.84 bps, with the 2Y closing at 6.31% (+0.41 bps) and the 10Y closing at 6.76% (+2.02 bps).

The **Philippine peso** further weakened to a near 19-month low on the back of a stronger dollar amid the uptick in US Treasury yields and recent hawkish statements from Fed officials. The USD/PHP pair closed at 58.64 (+0.37% DoD).

**Federal Reserve officials expect inflation to fall but signal that they are not in a rush to cut rates.** New York Fed President Williams said that there is 'ample evidence' that monetary policy is restrictive and signaled no urgency for easing. Meanwhile, Dallas Fed President Logan said that it is too soon to think about rate cuts.

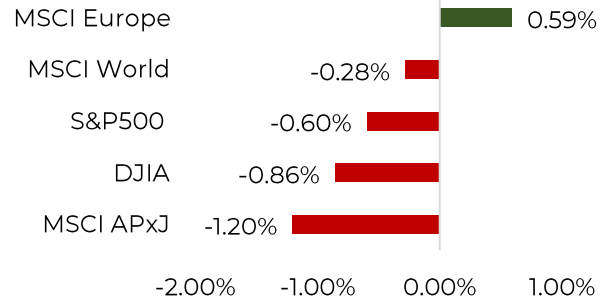
**US Gross Domestic Product (GDP) growth for 1Q24 was revised to 1.3% from previously 1.6%, its lowest since 2Q22.** The report showed that consumer spending grew at a slower pace of 2.0% from previously 2.5%. Downward revisions were also made for private inventory investment and federal government spending.

**US equities** declined following the downward revision of the 1Q24 US GDP growth to 1.3% from previously 1.6%. The S&P 500 closed at 5,235.48 (-0.60% DoD) and the DJIA closed at 38,111.48 (-0.86% DoD).

**US Treasury yields** fell ahead of the April US Personal Consumption Expenditures (PCE) report. Investors also weighed the 1Q24 US PCE print which was revised lower to 3.3% from initially 3.4%. On average, yields fell by 4.42 bps, with the 2Y closing at 4.93% (-4.60 bps) and the 10Y closing at 4.55% (-6.80 bps).

The **US dollar** weakened after the 1Q24 US GDP growth figure was revised lower. The DXY closed at 104.72 (-0.39% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,235.48	-0.60%
DJIA	38,111.48	-0.86%
3-mo US Treasury yield	5.40%	-0.60 bps
2-yr US Treasury yield	4.93%	-4.60 bps
10-yr US Treasury yield	4.55%	-6.80 bps
DXY	104.72	-0.39%

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