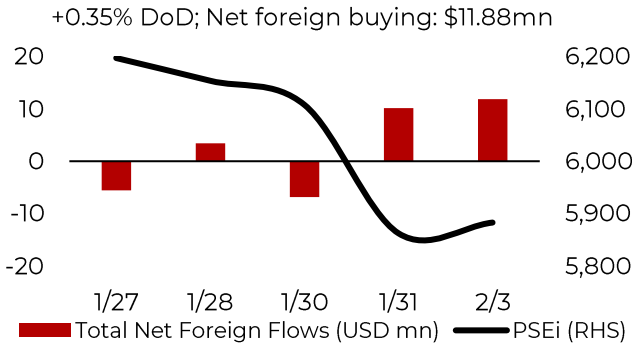


The Morning View

February 4, 2025

Philippine Stock Exchange Index



	Level	DoD
PSEi	5,883.04	+0.35%
3-mo bond yield	5.19%	-9.13 bps
2-yr bond yield	5.78%	-0.97 bps
10-yr bond yield	6.23%	+0.31 bps
USDPHP	58.66	+0.51%
Oil (Brent, \$ / barrel)	75.96	-1.04%

The Department of Agriculture (DA) declared a food security emergency on rice, citing an extraordinary increase in prices. This allowed the National Food Authority to release its rice buffer stock of at least 300,000 metric tons to the market and sell its rice stocks at Php36 per kilo to local government units.

The Senate has approved House Bill No. 10926, which will grant Manila Electric Company (PSE Ticker: MER) a 25-year franchise renewal. MER's current franchise is set to expire in 2028. The measure now awaits the President's signature to become law.

Local equities rose amid investors' bargain-hunting after the index fell to its lowest level since October 2022. The PSEi closed at 5,883.04 (+0.35% DoD).

Local fixed income yields fell following comments by Governor Remolona that the Bangko Sentral ng Pilipinas may cut rates by 50 bps this year. On average, yields inched down by 2.36 bps, with the 2Y closing at 5.78% (-0.97 bps) and the 10Y closing at 6.23% (+0.31 bps).

The **Philippine peso** weakened against the US dollar after US President Trump announced that he will impose tariffs on imports from Mexico, Canada, and China. The USD/PHP pair closed at 58.66 (+0.51% DoD).

The US ISM Manufacturing Purchasing Managers' Index (PMI) rose to 50.9 in January (Dec.: 49.2), above market expectations.

This marked the first expansion in the manufacturing sector after 26 consecutive months of contraction. The increase was driven by an improvement in new orders and factory output, as well as a decline in inventories.

President Donald Trump suspended his threat of tariffs on Mexico and Canada, agreeing to a 30-day pause, while China remains poised to face 10% tariffs. Canada and Mexico both agreed to reinforce borders to curb illegal immigration and drug trafficking. Trump would not be speaking with Chinese President Xi Jin Ping until later this week.

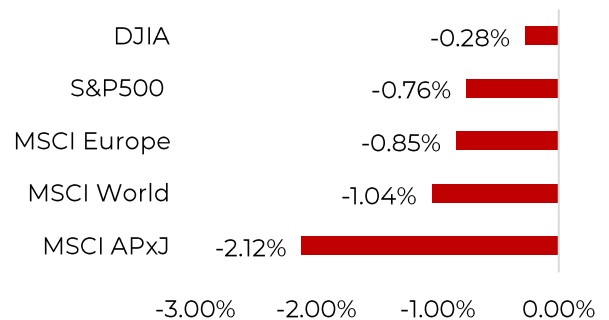
US equities declined, **US Treasury yields** climbed, and the **US dollar** strengthened as investors weighed comments from several US Fed officials that Trump's upcoming trade tariffs raise risks that US inflation could reaccelerate.

The S&P 500 closed at 5,994.57 (-0.76% DoD) and the DJIA closed at 44,421.91 (-0.28% DoD).

On average, US Treasury yields rose by 2.06 bps, with the 2Y closing at 4.25% (+5.00 bps) and the 10Y closing at 4.56% (+1.60 bps).

The DXY ended at 108.99 (+0.57% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,994.57	-0.76%
DJIA	44,421.91	-0.28%
3-mo US Treasury yield	4.30%	+0.70 bps
2-yr US Treasury yield	4.25%	+5.00 bps
10-yr US Treasury yield	4.56%	+1.60 bps
DXY	108.99	+0.57%

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