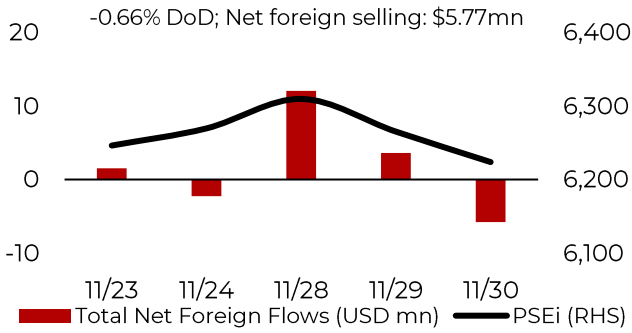


# The Morning View

NOVEMBER 30, 2023

## Philippine Stock Exchange Index



|                          | Level    | DoD       |
|--------------------------|----------|-----------|
| PSEi                     | 6,223.73 | -0.66%    |
| 3-mo bond yield          | 5.42%    | -2.62 bps |
| 2-yr bond yield          | 5.96%    | -5.67 bps |
| 10-yr bond yield         | 6.23%    | +2.40 bps |
| USDPHP                   | 55.49    | +0.17%    |
| Oil (Brent, \$ / barrel) | 82.83    | -0.32%    |

**The National Government plans to borrow Php60 billion in December, a significant decrease from the Php225 billion in November.** The Bureau of Treasury (BTr) will only hold two auctions instead of four given the reduced number of work weeks during the holiday season.

**Ayala Land, Inc. (Ticker: ALI) is set to infuse Php23 billion worth of prime properties into AREIT, Inc. (Ticker: AREIT).** The asset infusion is expected to increase AREIT's AUM to Php117 billion.

**Local equities** retreated as investors focused on the MSCI rebalancing and awaited the release of the US PCE inflation report for October. The PSEi closed at 6,223.73 (-0.66% DoD).

**Local fixed income yields** were mixed but overall declined ahead of the US PCE inflation print. This was also after the BTr's announcement that it will lessen its borrowings in December. On average, yields fell by 4.09 bps, with the 2Y closing at 5.96% (-5.67 bps) and the 10Y closing at 6.23% (+2.4 bps).

The **Philippine peso** weakened slightly ahead of the US PCE inflation print. The USD/PHP pair closed at 55.49 (+0.17% DoD).

**The US Core Personal Consumption Expenditures (PCE) price index, the Fed's preferred inflation gauge, cooled to 3.5% YoY in October (September: 3.7%),** in line with the market's expectation. Likewise, the headline PCE moderated to 3.0% YoY (September: 3.4%) as energy prices fell, while food prices rose only slightly.

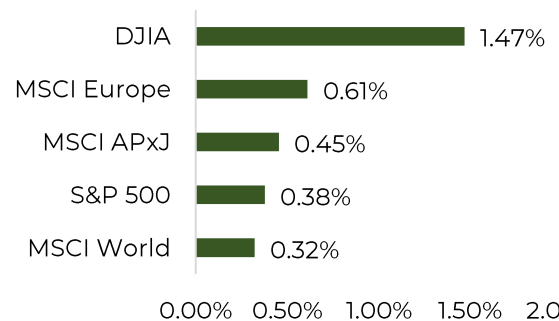
**OPEC+ pledges to cut production by an additional 900,000 bbl/day** to support oil markets. Members such as Russia, the United Arab Emirates, Kuwait, and Iraq pledged further cuts, while Saudi Arabia maintains its 1 million bbl/day production cut.

**US equities** climbed as investors weighed easing inflation data and upbeat third quarter earnings from mega cap companies like Nvidia and Meta. The S&P 500 closed at 4,567.80 (+0.38% DoD) and the DJIA closed at 35,950.89 (+1.47% DoD).

**US Treasury yields** gained as investors digested strong corporate earnings results and the October PCE inflation print, which has matched street expectation but stayed above the Fed's 2% inflation target. On average, yields rose by 3.98 bps, with the 2Y closing at 4.68% (+3.40 bps) and the 10Y closing at 4.33% (+7.10 bps).

The **US dollar** strengthened amid upbeat corporate earnings results. Investors also digested the US PCE data in October which cooled but remained above target, suggesting the US Fed would likely keep rates higher for longer. The DXY closed at 103.5 (+0.71% DoD).

## Global Stock Indices



|                         | Level     | DoD       |
|-------------------------|-----------|-----------|
| S&P 500                 | 4,567.80  | +0.38%    |
| DJIA                    | 35,950.89 | +1.47%    |
| 3-mo US Treasury yield  | 5.40%     | -0.60 bps |
| 2-yr US Treasury yield  | 4.68%     | +3.40 bps |
| 10-yr US Treasury yield | 4.33%     | +7.10 bps |
| DXY                     | 103.50    | +0.71%    |

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