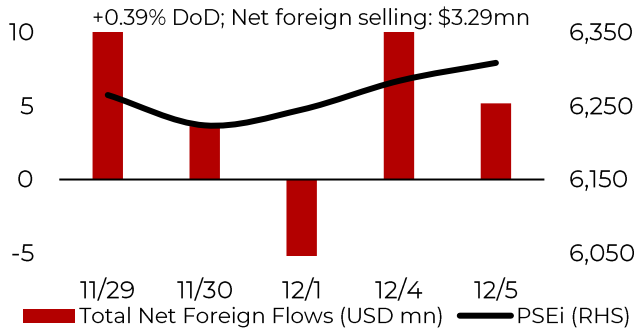


The Morning View

DECEMBER 6, 2023

Philippine Stock Exchange Index



The Philippine Statistics Authority reported that the local headline inflation slowed further to 4.1% YoY in November (October: 4.9%) on easing prices of food and transportation. Food inflation decelerated to 5.8% in November (October: 7.1%) as vegetable prices eased. Meanwhile, transport prices fell by 0.8% (October: +1.0%) as oil prices declined.

Manila Electric Co. (Ticker: MER) expects lower power generation charge in December. The firm said that this would be driven by the improvement in supply amid lower demand and fewer plant outages.

Local equities climbed on last minute bargain hunting and as investors digested the easing local inflation print in November. The PSEi closed at 6,308.95 (+0.39% DoD).

Local fixed income yields rose after the government fully awarded the reissued 10-year Treasury bonds. The increase was despite the cooler local inflation reading for November. On average, yields rose by 2.12 bps, with the 2Y closing at 6.02% (+2.03 bps) and the 10Y closing at 6.23% (+2.01 bps).

The **Philippine peso** was relatively flat as the stronger US dollar was offset by better-than-expected domestic inflation data. The USD/PHP pair closed at 55.32 (-0.04% DoD).

	Level	DoD
PSEi	6,308.95	+0.39%
3-mo bond yield	5.26%	+3.97 bps
2-yr bond yield	6.02%	+2.03 bps
10-yr bond yield	6.23%	+2.01 bps
USDPHP	55.32	-0.04%
Oil (Brent, \$ / barrel)	77.2	-1.06%

The US ISM Services PMI rose to 52.7 in November (October: 51.8), signaling an expansion for the 11th straight month, as business activity and employment expanded. However, new orders stayed flat and input prices dipped amid higher interest rates.

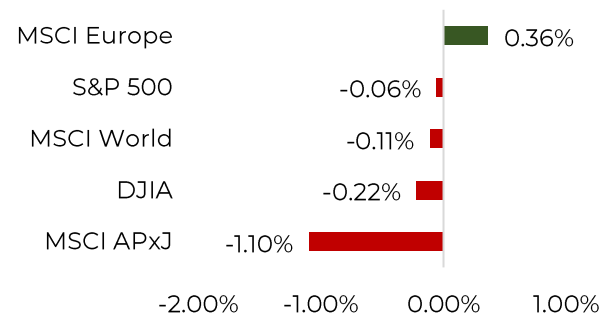
Moody's Investors Service downgraded its outlook for Chinese sovereign bonds to negative, citing increasing concerns due to the economy's elevated level of debt. Nonetheless, the rating agency kept China's long-term rating of A1.

US equities declined as investors digested cooling labor data and concerns on Moody's outlook downgrade for China, the world's second largest economy. The S&P 500 closed at 4,567.18 (-0.06% DoD) and the DJIA closed at 36,124.56 (-0.22% DoD).

US Treasury yields fell as investors assessed the lower-than-expected job openings data and its implications to the Fed's next policy moves. On average, yields fell by 6.51 bps, with the 2Y closing at 4.58% (-5.80 bps) and the 10Y closing at 4.17% (-9.00 bps).

The **US dollar** strengthened as investors digested the strong US ISM Services PMI data. This was also amid safe-haven demand after Moody's downgraded its outlook for China's sovereign bonds to negative. The DXY closed at 104.05 (+0.33% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,567.18	-0.06%
DJIA	36,124.56	-0.22%
3-mo US Treasury yield	5.38%	-1.40 bps
2-yr US Treasury yield	4.58%	-5.80 bps
10-yr US Treasury yield	4.17%	-9.00 bps
DXY	104.05	+0.33%