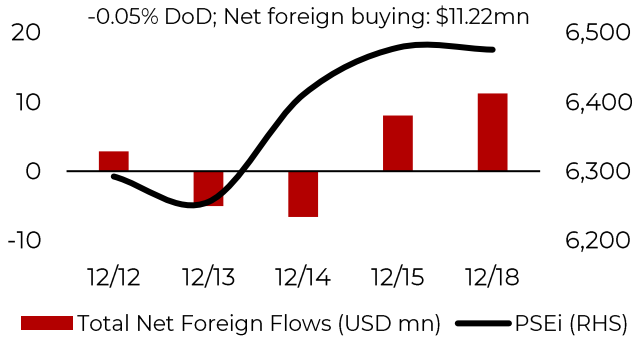


The Morning View

DECEMBER 19, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,475.50	-0.05%
3-mo bond yield	5.29%	-8.50 bps
2-yr bond yield	5.99%	+0.77 bps
10-yr bond yield	6.09%	+1.35 bps
USDPHP	55.87	+0.39%
Oil (Brent, \$ / barrel)	77.95	+1.83%

The Bangko Sentral ng Pilipinas (BSP) reported that total resources of the Philippine financial system climbed 8.3% YoY to Php29.99 trillion as of end-October. Banking resources, which include universal and commercial banks, thrift banks, as well as rural and cooperative banks, jumped by 9.1% YoY to Php24.84 trillion. Meanwhile, nonbank financial resources grew by 4.6% YoY to Php5.15 trillion.

Filinvest-Engie Renewable Energy Enterprise, Inc., a joint venture between Filinvest Development Corp.'s (Ticker: FDC) power utility subsidiary and ENGIE, is set to develop 13-megawatts (MW) solar power plants. One of the projects include a 10.09 MW ground-mounted solar facility in Cebu, which is expected to reduce 9,000 metric tons of carbon dioxide a year.

Local equities inched down as comments from Chicago Fed President Austan Goolsbee tempered hopes of policy rate cuts next year. The PSEi closed at 6,475.50 (-0.05% DoD).

Local fixed income yields rose amid less dovish remarks from some US Fed officials. On average, yields rose by 0.23 bps, with the 2Y closing at 5.99% (+0.77 bps) and the 10Y closing at 6.09% (+1.35 bps).

The **Philippine peso** weakened following less dovish comments from Fed officials. The USD/PHP pair closed at 55.87 (+0.39% DoD).

Chicago Fed President Austan Goolsbee said that the US Federal Reserve is not precommitting to cutting interest rates soon and swiftly. While the central bank has made good progress on inflation, he noted that it is still too early to declare victory.

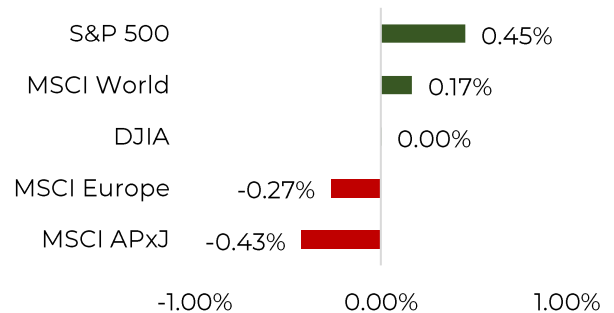
Oil rose after attacks by Houthis in the Red Sea raised concerns of supply disruptions. British Petroleum and other companies pledged to avoid the route, citing deteriorating security in the area.

US equities rose ahead of the Personal Consumption Expenditures (PCE) inflation data release. Investors also continued to weigh bets that the Fed may cut as early as March, despite comments from Chicago Fed president Goolsbee that the Fed is not committing to cutting rates soon. The S&P 500 closed at 4,740.56 (+0.45% DoD) and the DJIA closed at 37,306.02 (+0.00% DoD).

US Treasury yields inched up as investors digested less dovish remarks from Chicago Fed President Goolsbee and Cleveland Fed President Mester. On average, yields rose by 1.51 bps, with the 2Y closing at 4.45% (-0.10 bps) and the 10Y closing at 3.94% (+2.20 bps).

The **US dollar** closed flat as investors waited for the release of the PCE price index data later this week. The DXY closed at 102.56 (+0.01% DoD)

Global Stock Indices



	Level	DoD
S&P 500	4,740.56	+0.45%
DJIA	37,306.02	+0.00%
3-mo US Treasury yield	5.39%	-0.10 bps
2-yr US Treasury yield	4.45%	-0.10 bps
10-yr US Treasury yield	3.94%	+2.20 bps
DXY	102.56	+0.01%