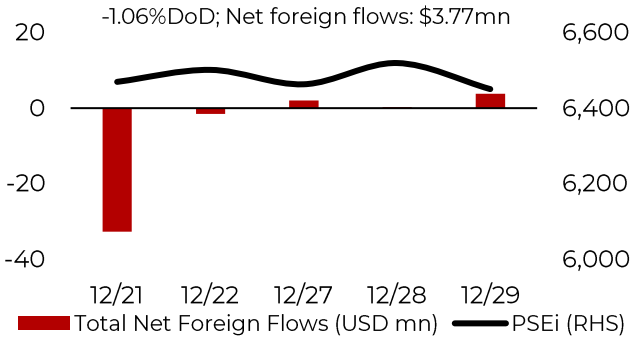


# The Morning View

JANUARY 2, 2024

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,450.04	-1.06%
3-mo bond yield	5.24%	+12.28 bps
2-yr bond yield	5.91%	+1.43 bps
10-yr bond yield	6.00%	+4.64 bps
USDPHP	55.37	-0.20%
Oil (Brent, \$ / barrel)	77.04	-1.72%

**The Bureau of the Treasury (BTr) reported that the National Government's gross borrowings grew by 28.2% YoY to Php 125.46 billion in November.** Domestic debt rose by 59.4% to Php121.02 billion, while external debt plunged by 80% to Php4.44 billion. Year-to-date, gross borrowings fell by 0.14% to Php2.10 trillion.

**Ayala Corp.'s (Ticker: AC) healthcare arm, AC Health, seeks new mergers and acquisitions (M&A) in 2024 to expand its presence across the Philippines.** AC Health President and Chief Executive Officer Paolo Borromeo said that the firm is also keen to participate in opportunities of public-private partnerships.

**Local equities** fell amid cautious sentiment due to lack of market catalysts. Within the week, investors will likely watch out for upcoming economic data releases such as the December inflation print and the S&P Manufacturing PMI. The PSEi closed at 6,450.04 (-1.06% DoD).

**Local fixed income yields** rose ahead of the local inflation data release. The Bangko Sentral ng Pilipinas currently expects December inflation to settle between 3.6% to 4.4%. On average, yields rose by 4.66 bps, with the 2Y closing at 5.91% (+1.43 bps) and the 10Y closing at 6.00% (+4.64 bps).

The **Philippine peso** continued to strengthen on lower global oil prices. The USD/PHP pair closed at 55.37 (-0.20% DoD).

**China's Manufacturing Purchasing Managers' Index (PMI) fell to 49.0 in December (November: 49.4),** according to the National Bureau of Statistics. The index stayed below 50.0, indicating a contraction, for the third straight month as domestic demand remained weak.

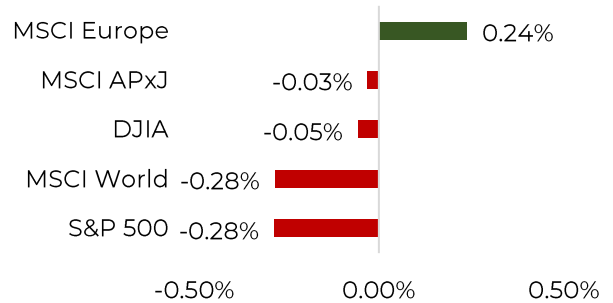
**Argentina has withdrawn its plans to join the BRICS bloc, opting to strengthen bilateral ties instead.** The country would have joined Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates as the newest members of the bloc effective January 1.

**US equities** slightly declined ahead of the manufacturing PMI release. Investors also took profits as recently released initial jobless claims data supported market expectations of a Fed rate cut this year. The S&P 500 closed at 4,769.83 (-0.28% DoD) and the DJIA closed at 37,689.54 (-0.05% DoD).

**US Treasury yields** were mixed as investors focused on the path ahead for the economy and monetary policy as the new year starts. On average, yields fell by 0.84 bps, with the 2Y closing at 4.25% (-2.70 bps) and the 10Y closing at 3.88% (+3.50 bps).

The **US Dollar** was flat as investors participated in profit taking and remained watchful of economic data that could guide the US Fed's next policy moves. The DXY closed at 101.33 (+0.10% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,769.83	-0.28%
DJIA	37,689.54	-0.05%
3-mo US Treasury yield	5.36%	-3.90 bps
2-yr US Treasury yield	4.25%	-2.70 bps
10-yr US Treasury yield	3.88%	+3.50 bps
DXY	101.33	+0.10%

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