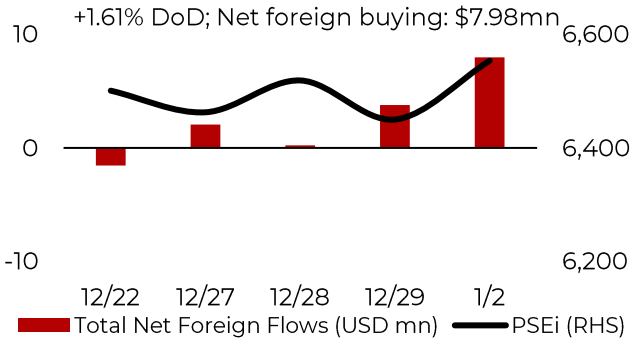


The Morning View

JANUARY 3, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,554.04	+1.61%
3-mo bond yield	5.20%	-4.25 bps
2-yr bond yield	5.90%	-0.98 bps
10-yr bond yield	6.04%	+4.36 bps
USDPHP	55.67	+0.54%
Oil (Brent, \$ / barrel)	75.89	-1.49%

S&P Global PH Manufacturing Purchasing Managers' Index (PMI) slowed to 51.5 in December (November: 52.7). This marked the slowest level recorded in the past 3 months amid softer new orders. Nonetheless, the above-50 PMI reading continues to signal an expansion in the manufacturing sector.

Jollibee Foods Corp. (Ticker: JFC) has invested an additional \$100 million in Titan Dining LP, the private equity fund which owns Tim Ho Wan, to support its expansion plans. The company also raised its participating interest from 90% to 92% through the purchase of interest in another limited partner for S\$7.7 million.

Local equities gained as investors anticipated easing inflation. The Bangko Sentral ng Pilipinas is forecasting December inflation to settle between 3.6-4.4%. Moreover, lower global oil prices also bolstered market sentiment. The PSEi closed at 6,554.04 (+1.61% DoD)

Local fixed income yields were mixed as investors awaited the release of the local December inflation report. On average, yields rose by 1.10 bps, with the 2Y closing at 5.90% (-0.98 bps) and the 10Y closing at 6.04% (+4.36 bps).

The **Philippine peso** weakened on the back of easing remittances after the holidays and a stronger US dollar. The USD/PHP pair closed at 55.67 (+0.54% DoD).

S&P Global US Manufacturing Purchasing Managers' Index (PMI) fell to 47.9 in December (November: 49.4), the quickest contraction since August. Contributing to this decline was output reduction as new orders fell at a sharper pace in December. This was primarily due to tepid customer demand and elevated input prices.

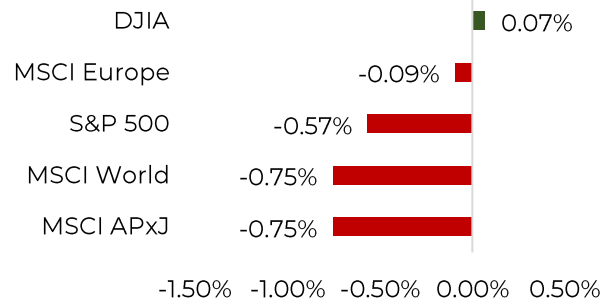
The People's Bank of China (PBOC) injected 350 billion yuan (\$49.1 billion) worth of loans through its pledged supplementary lending (PSL) facility in December. The PBOC's outstanding PSL loans amounted to 3.25 trillion yuan in December, up from 2.90 trillion in November.

US equities were mixed as mega-cap tech stocks declined while health care stocks drove gains. The markets are also watching out for the US labor data report this week, which could guide the Fed on the monetary policy path. The S&P 500 closed at 4,742.83 (-0.57% DoD) and the DJIA closed at 37,715.04 (+0.07% DoD).

US Treasury yields rose ahead of the December policy meeting minutes of the meeting and labor data set to be released within the week. On average, yields rose by 3.76 bps, with the 2Y closing at 4.32% (+7.20 bps) and the 10Y closing at 3.93% (+5.20 bps).

The **US Dollar** strengthened amid tempered expectations of interest rate cuts this year. Investors also waited for the release of US jobs and European inflation data. The DXY closed at 102.20 (+0.86% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,742.83	-0.57%
DJIA	37,715.04	+0.07%
3-mo US Treasury yield	5.37%	+1.70 bps
2-yr US Treasury yield	4.32%	+7.20 bps
10-yr US Treasury yield	3.93%	+5.20 bps
DXY	102.20	+0.86%

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