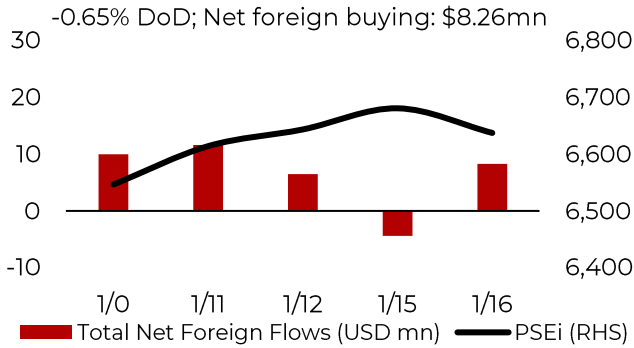


The Morning View

JANUARY 17, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,637.00	-0.65%
3-mo bond yield	5.31%	+3.06 bps
2-yr bond yield	5.86%	-2.01 bps
10-yr bond yield	6.18%	-1.60 bps
USDPHP	55.83	+0.11%
Oil (Brent, \$ / barrel)	78.29	+0.18%

According to the **Bangko Sentral ng Pilipinas (BSP)**, the **Philippines' gross domestic product (GDP) through 2025 may fall short of the government's growth targets** as high interest rates continue to dampen economic activity. Nonetheless, the BSP reiterated that the country's growth prospects remained firm amid easing price pressures and stable labor market conditions.

Jollibee Foods Corp. (Ticker: JFC) has opened the first **Common Man Coffee Roasters** branch in the Philippines. Located at the Ayala Triangle Gardens in Makati, the opening of the Singaporean café franchise is part of JFC's aggressive growth plans this year as it seeks to be among the top five restaurant companies in the world.

Local equities declined on profit taking following three consecutive days of gains. Pushback from Fed officials on early rate cuts also dampened sentiment. The PSEi closed at 6,637.00 (-0.65% DoD).

Local fixed income yields declined after the issuance of Php30-billion 7-year bonds by the Bureau of the Treasury, which received strong demand. On average, yields fell by 1.77 bps, with the 2Y closing at 5.86% (-2.01 bps) and the 10Y closing at 6.18% (-1.60 bps).

The **Philippine peso** weakened amid heightened tensions in the Red Sea and resistance from US Fed officials on early rate cut expectations. The USD/PHP pair closed at 55.83 (+0.11% DoD).

US Fed Governor Waller says the US is close to the Fed's target inflation rate of 2% but reiterated that rate cuts should not be rushed until a sustained downtrend is established. These remarks appeared to push back against market expectations of early rate cuts this year.

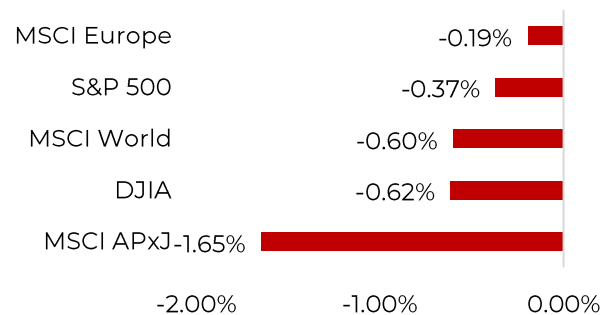
Canada's inflation jumped to 3.4% in December (November: 3.1%), push back hopes of early rate cuts from the Bank of Canada. The increase was largely driven by elevated gasoline prices. Meanwhile, excluding food and energy prices, annual inflation slowed to 3.4% from 3.5% in November.

US equities fell amidst a broad sell-off as investors pushed back their expectations on the timing of policy rate cuts after hawkish statements from Fed Governor Waller. The S&P 500 closed at 4,765.98 (-0.37% DoD) and the DJIA closed at 37,361.12 (-0.62% DoD).

US Treasury yields gained on hawkish statements from Fed officials. On average, US treasury yields rose by 7.79 bps, with the 2Y closing at 4.22% (+7.80 bps) and the 10Y closing at 4.06% (+11.70 bps).

The **US dollar** strengthened as investors digested Fed Governor Waller's remarks which countered market expectations of early policy rate cuts. The DXY closed at 103.36 (+0.93% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,765.98	-0.37%
DJIA	37,361.12	-0.62%
3-mo US Treasury yield	5.37%	-0.60 bps
2-yr US Treasury yield	4.22%	+7.80 bps
10-yr US Treasury yield	4.06%	+11.70 bps
DXY	103.36	+0.93%

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