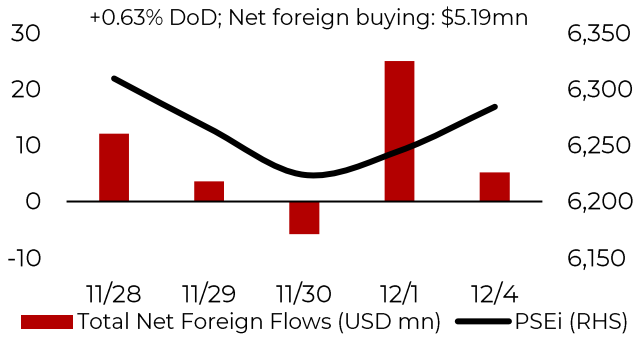


The Morning View

DECEMBER 5, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,284.37	+0.63%
3-mo bond yield	5.22%	-14.05 bps
2-yr bond yield	6.00%	+0.51 bps
10-yr bond yield	6.21%	-1.60 bps
USDPHP	55.34	-0.11%
Oil (Brent, \$ / barrel)	78.03	-1.08%

Philippine goods and services exports are likely to grow by low single digits next year, according to the Philippine Exporters Confederation, Inc. Tourism, transportation, and the business process outsourcing industries are seen to drive export growth, while semiconductors are not expected to meet its target.

Union Bank of the Philippines, Inc. (Ticker: UBP) raised Php18.17 billion from its dual-tranche bonds. The bank issued bonds last month with tenors of 1.5 and 3 years, and with rates of 6.56% and 6.68% respectively. Proceeds of the bond program will be used to fund the migration of the acquired Citi consumer banking business and other digital channel enhancements.

Local equities slightly rose as investors waited for a slew of economic data releases, including the November CPI inflation report. The PSEi closed at 6,284.37 (+0.63% DoD).

Local fixed income yields fell as investors positioned ahead of the local inflation print. Market consensus expects November inflation to decelerate further to 4.3%. On average, yields fell by 3.53 bps, with the 2Y closing at 6.00% (+0.51 bps) and the 10Y closing at 6.21% (-1.60 bps).

The **Philippine peso** mildly strengthened ahead of the local inflation data release. The USD/PHP pair closed at 55.34 (-0.11% DoD).

US factory orders sank by 3.6% MoM in October (September: +2.3%), as demand for durable goods and transportation equipment were crippled by high interest rates. This marked the biggest drop in roughly three and a half years.

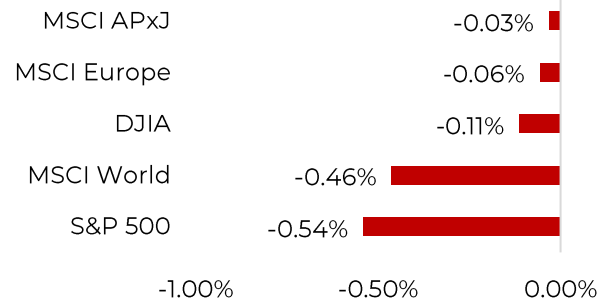
Saudi Prince said OPEC+ production cuts can continue past March next year if needed. Prince Abdulaziz believed that the 2.2 million production cut alongside improving demand can reverse the usual inventory build up that occurs in the first quarter.

US equities declined ahead of the release of employment data and as investors digested hawkish comments from Fed Chair Powell. The S&P 500 closed at 4,569.78 (-0.54% DoD) and the DJIA closed at 36,204.44 (-0.11% DoD).

US Treasury yields were mixed but rose on average amid Fed Chair Powell's hawkish remarks on the near-term monetary policy outlook. Investors also looked ahead of labor market data to be released this week. On average, yields rose by 4.64 bps, with the 2Y closing at 4.64% (+9.40 bps) and the 10Y closing at 4.26% (+6.00 bps).

The **US dollar** strengthened as investors waited for labor data releases and digested comments from the US Fed Chairman Powell saying that the Fed could still raise the policy rate if needed. The DXY closed at 103.71 (+0.43% DoD)

Global Stock Indices



	Level	DoD
S&P 500	4,569.78	-0.54%
DJIA	36,204.44	-0.11%
3-mo US Treasury yield	5.39%	-0.60 bps
2-yr US Treasury yield	4.64%	+9.40 bps
10-yr US Treasury yield	4.26%	+6.00 bps
DXY	103.71	+0.43%