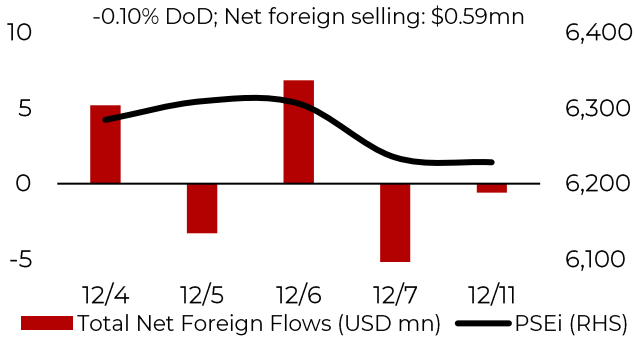


The Morning View

DECEMBER 12, 2023

Philippine Stock Exchange Index



| | Level | DoD |
|--------------------------|----------|-----------|
| PSEi | 6,228.29 | -0.10% |
| 3-mo bond yield | 5.19% | +4.41 bps |
| 2-yr bond yield | 6.06% | +0.98 bps |
| 10-yr bond yield | 6.18% | +0.76 bps |
| USDPHP | 55.65 | +0.63% |
| Oil (Brent, \$ / barrel) | 76.03 | +0.25% |

Budget Secretary Amenah Pangandaman said that about 98% of the Php5.2 trillion budget for 2023 was already spent by the national government. Different government agencies were able to follow through their catch-up plans and the remainder is expected to fund lumpsum projects before year-end.

Manila Electric Co.'s (Ticker: MER) solar energy arm MSpectrum, Inc. is expecting to achieve 60 megawatts (MW) power generation capacity by year-end. The firm intends to achieve an additional 30MW capacity through expansions in Visayas and Mindanao by the end of 2024.

Local equities inched lower amid cautious sentiment after Bangko Sentral ng Pilipinas Governor Remolona commented that it is premature to discuss policy easing in 2024. The PSEi closed at 6,228.29 (-0.10% DoD).

Local fixed income yields climbed amid the BSP Governor's hawkish comments ahead of the central bank's policy meeting on Thursday. On average, yields rose by 2.25 bps, with the 2Y closing at 6.06% (+0.98 bps) and the 10Y closing at 6.18% (+0.76 bps).

The **Philippine peso** weakened as the stronger-than-expected nonfarm payrolls data in the US tempered hopes of early rate cuts from the Fed. The USD/PHP pair closed at 55.65 (+0.63% DoD).

The US headline consumer price index (CPI) is expected to fall to 3.1% YoY in November, while core inflation is expected to remain steady at 4.0% YoY, based on the consensus forecast of 10 major US banks. The Bureau of Labor Statistics (BLS) will release the CPI print on December 12.

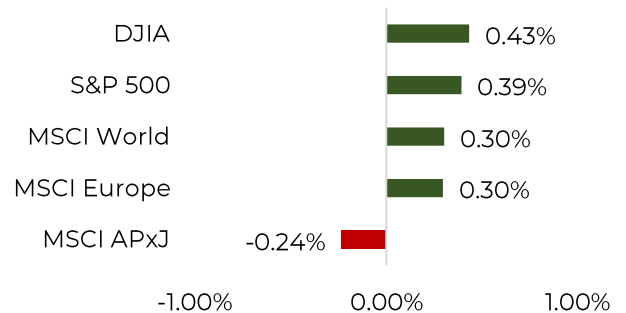
The Euro Area is expected to enter a recession in 4Q23, according to economists polled by Bloomberg. The survey projects a 0.1% contraction in 4Q23, slightly lower than the previous forecast of flat growth.

US equities rose to its highest level in 2023 ahead of the CPI print for November and the Fed's policy decision this Thursday. The S&P 500 closed at 4,622.44 (+0.39% DoD) and the DJIA closed at 36,404.93 (+0.43% DoD).

US Treasury yields were mixed as Investors stayed on the sidelines ahead of the US CPI print for November and the Fed's policy decision this week. On average, yields rose by 0.75 bps, with the 2Y closing at 4.71% (-1.10 bps) and the 10Y closing at 4.24% (+0.70 bps).

The **US dollar** strengthened following the strong US nonfarm payrolls data. Investors also awaited the US CPI data release for November and the upcoming Fed policy meeting. The DXY closed at 104.1 (+0.08% DoD)

Global Stock Indices



| | Level | DoD |
|-------------------------|-----------|-----------|
| S&P 500 | 4,622.44 | +0.39% |
| DJIA | 36,404.93 | +0.43% |
| 3-mo US Treasury yield | 5.40% | +0.40 bps |
| 2-yr US Treasury yield | 4.71% | -1.10 bps |
| 10-yr US Treasury yield | 4.24% | +0.70 bps |
| DXY | 104.10 | +0.08% |

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