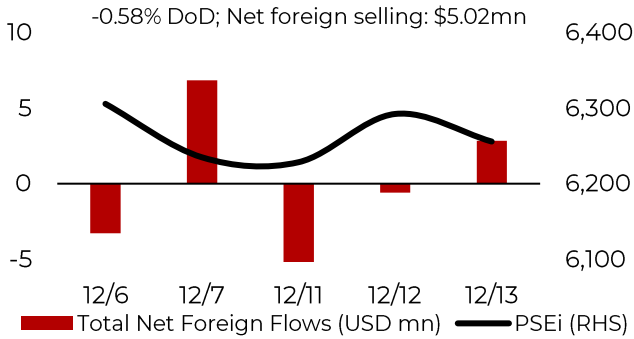


The Morning View

DECEMBER 14, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,255.74	-0.58%
3-mo bond yield	5.28%	+8.26 bps
2-yr bond yield	6.06%	+0.79 bps
10-yr bond yield	6.21%	+3.20 bps
USDPHP	56.06	+0.87%
Oil (Brent, \$ / barrel)	73.24	-3.67%

The Bangko Sentral ng Pilipinas (BSP) reported that domestic liquidity, as measured by M3, grew by 8.2% YoY to Php16.72 trillion in October (September: 16.66 trillion). Meanwhile, credit growth accelerated by 7.1% in the same period (September: 6.5%), boosted by the 22.9% YoY increase in consumer loans.

Monde Nissin Corp. (Ticker: MONDE) partnered with the Department of Trade and Industry (DTI) to train the company's retirees with entrepreneurial skills. The firm signed a memorandum of agreement with DTI's training arm, the Philippine Trade Training Center. The first training program is set to begin in March 2024.

Local equities fell as the market remained cautious ahead of the policy decisions from the US Federal Reserve and the BSP. The PSEi closed at 6,255.74 (-0.58% DoD).

Local fixed income yields climbed as investors waited for the US Federal Reserve's policy rate decision and new economic projections. On average, yields rose by 3.42 bps, with the 2Y closing at 6.06% (+0.79 bps) and the 10Y closing at 6.21% (+3.20 bps).

The **Philippine peso** weakened ahead of the US Federal Open Market Committee's meeting. The USD/PHP pair closed at 56.06 (+0.87% DoD).

The US Federal Reserve held its key interest rate steady at 5.25% to 5.50% and signaled the end of its rate hiking campaign. The Fed penciled in at least three rate cuts in 2024 and another four rate cuts in 2025, assuming quarter percentage point increments.

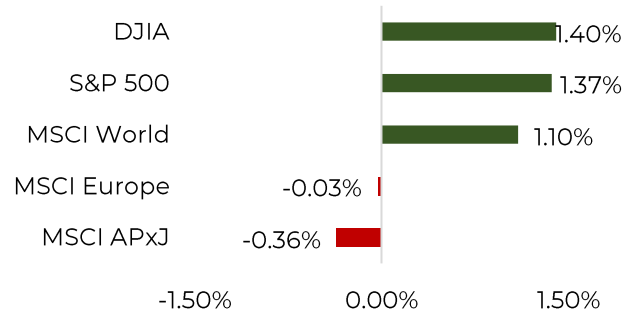
Treasury Secretary Janet Yellen sees inflation decelerating within the 2% target by end-2024. She also commented that it would make sense for the Fed to consider cutting rates as inflation decelerates to keep the economy on a soft-landing path.

US equities sharply rose to its new highest level year-to-date after the announcement of the US Fed's decision to hold rates steady, which supported market expectations that the Fed is done hiking rates. The S&P 500 closed at 4,707.09 (+1.37% DoD) and the DJIA closed at 37,090.24 (+1.40% DoD).

US Treasury yields declined after the US Fed decided to hold rates steady and projected more rate cuts in 2024 during its latest policy meeting. On average, yields fell by 16.14 bps, with the 2Y closing at 4.43% (-30.2 bps) and the 10Y closing at 4.02% (-18.5 bps).

The **US dollar** weakened after the US Fed maintained its key interest rate and signaled more rate cuts for 2024. The DXY closed at 102.87 (-0.96% DoD)

Global Stock Indices



	Level	DoD
S&P 500	4,707.09	+1.37%
DJIA	37,090.24	+1.40%
3-mo US Treasury yield	5.40%	-0.30 bps
2-yr US Treasury yield	4.73%	+2.10 bps
10-yr US Treasury yield	4.20%	-3.20 bps
DXY	102.87	-0.96%

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