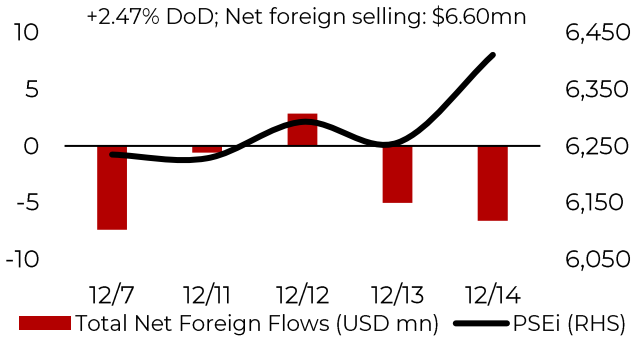


# The Morning View

DECEMBER 15, 2023

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,410.48	+2.47%
3-mo bond yield	5.28%	-0.39 bps
2-yr bond yield	6.00%	-7.17 bps
10-yr bond yield	6.07%	-16.34 bps
USDPHP	55.80	-0.46%
Oil (Brent, \$ / barrel)	76.61	+3.16%

**The Bangko Sentral ng Pilipinas (BSP) kept its policy rate steady at 6.5%** but signaled a "tighter-for-longer" policy until inflation progress can be more sustainable. The central bank also lowered its 2023 and 2024 risk-adjusted inflation forecasts to 6% and 4.2% (from 6.1% and 4.4% in the November meeting), respectively.

**ACEN Corp. (Ticker: ACEN) signed a new sustainability-linked loan facility worth Php11 billion with the Asian Development Bank and the Bank of the Philippine Islands.** The firm reiterated that the new loan facility proceeds will be used to fund additional solar projects, in-line with ACEN's target of reaching an installed energy capacity of 20 gigawatts by 2030.

**Local equities** rallied as investors cheered the US Federal Reserve's dovish outlook and decision to hold rates steady during its latest policy meeting. The PSEi closed at 6,410.48 (+2.47% DoD).

**Local fixed income yields** pulled back after the US Federal Reserve and BSP kept rates unchanged during their latest policy meetings. On average, yields fell by 8.28 bps, with the 2Y closing at 6.00% (-7.17 bps) and the 10Y closing at 6.07% (-16.34 bps).

The **Philippine peso** strengthened as the Federal Open Market Committee decided to keep rates steady and signaled interest rate cuts in the succeeding years. The USD/PHP pair closed at 55.80 (-0.46% DoD).

**The US Retail Sales unexpectedly rose by 0.3% MoM in November (October: -0.2%),** underscoring consumers' resilience amid the start of the holiday season. Gains were led by sales at food services and drinking places (+1.6%) as well as online retailers (+1.0%).

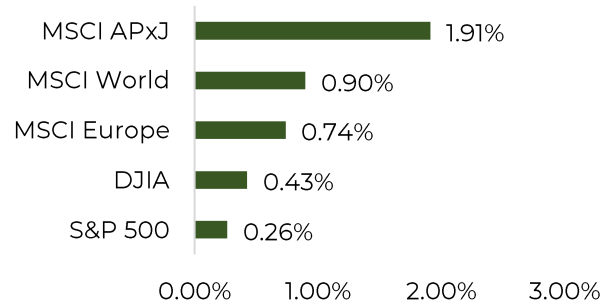
**The European Central Bank (ECB) held its interest rates steady** and reaffirmed that rates will likely be set at sufficiently restrictive levels for as long as necessary. The ECB expects inflation to rebound in the near term but revised its 2024 forecast lower to 2.7% from previously 3.2%.

**US equities** rose to another new high as investors digested the Fed's rate pause and the upbeat retail sales data in November. The S&P 500 closed at 4,719.55 (+0.26% DoD) and the DJIA closed at 37,248.35 (+0.43% DoD).

**US Treasury yields** continued to decline as investors digested the US Fed's guidance on interest rates, hinting the possibility of at least three 25-bp rate cuts in 2024. On average, yields fell by 6.31 bps, with the 2Y closing at 4.39% (-4.10 bps) and the 10Y closing at 3.92% (-9.50 bps).

The **US dollar** further weakened as investors focused on the Fed's latest rate cut projections for 2024 and 2025. The DXY closed at 101.96 (-0.89% DoD)

## Global Stock Indices



	Level	DoD
S&P 500	4,719.55	+0.26%
DJIA	37,248.35	+0.43%
3-mo US Treasury yield	5.39%	-1.60 bps
2-yr US Treasury yield	4.39%	-4.10 bps
10-yr US Treasury yield	3.92%	-9.50 bps
DXY	101.96	-0.89%

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