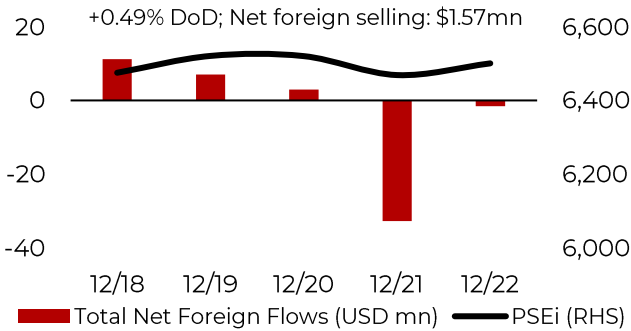


The Morning View

DECEMBER 27, 2023

Philippine Stock Exchange Index



The Bangko Sentral ng Pilipinas (BSP) reported that the country's external debt service burden surged 130.7% YoY to \$10.85 trillion in the first nine months of 2023. As of end-September, the debt service burden is equivalent to 3.5% of gross domestic product (GDP), higher than the 1.6% level recorded in the same period last year.

Globe Telecom, Inc. (Ticker: GLO) anticipates further growth in its broadband business amid rising demand for internet connectivity in the country. The firm reported that its fiber broadband revenues grew by 18% year-to-date, with further plans to expand into underserved areas through its fiber prepaid plans.

Local equities rose amid growing expectations of interest rate cuts next year despite hawkish remarks from BSP Governor Remolona. The PSEi closed at 6,501.00 (+0.49% DoD).

Local fixed income yields fell ahead of the release of US PCE inflation data, which decelerated to 2.6% YoY in November. Last Friday, yields fell on average by 2.41 bps, with the 2Y closing at 5.93% (-1.78 bps) and the 10Y closing at 5.97% (-0.49 bps).

The **Philippine peso** strengthened on the back of growing Fed rate cut bets and the expected seasonal rise in remittances ahead of the holidays. The USD/PHP pair closed at 55.40 (-0.31% DoD).

	Level	DoD
PSEi	6,501.00	+0.49%
3-mo bond yield	5.16%	-10.67 bps
2-yr bond yield	5.93%	-1.78 bps
10-yr bond yield	5.97%	-0.49 bps
USDPHP	55.40	-0.31%
Oil (Brent, \$ / barrel)	81.07	+2.53%

The US core personal consumption expenditures (PCE) price index, the Fed's preferred inflation gauge, cooled to 3.2% YoY in November (October: 3.4%), edging closer to the Fed's 2% target. Likewise, headline PCE slowed to 2.6% YoY (October: 2.9%) as energy and food prices declined.

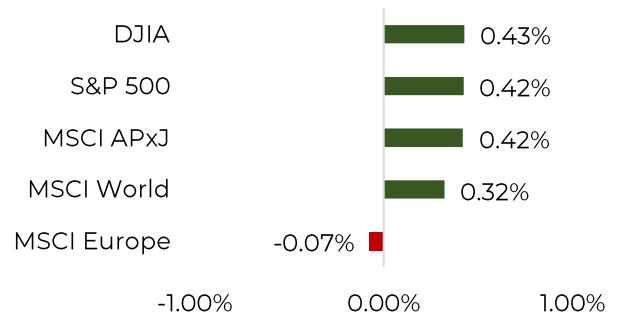
US home prices rose by 6.3% YoY in October (September: 6.2%), according to the Federal Housing Finance Agency report. This was mainly driven by historically low housing inventory and multi-year high mortgage rates.

US equities rose as investors weighed the cooling PCE inflation data, which supported market expectations that the Fed may cut rates next year. The S&P 500 closed at 4,774.75 (+0.42% DoD) and the DJIA closed at 37,545.33 (+0.43% DoD).

US Treasury yields were mixed as investors digested the slower-than-expected November PCE inflation print in the US. On average, yields rose by 0.72 bps, with the 2Y closing at 4.33% (-2.40 bps) and the 10Y closing at 3.90% (+0.70 bps).

The **US Dollar** weakened as market bets of earlier rate cuts were reinforced by the softer PCE inflation data in November. The DXY closed at 101.47 (-0.23% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,774.75	+0.42%
DJIA	37,545.33	+0.43%
3-mo US Treasury yield	5.39%	+1.00 bps
2-yr US Treasury yield	4.33%	-2.40 bps
10-yr US Treasury yield	3.90%	+0.70 bps
DXY	101.47	-0.23%