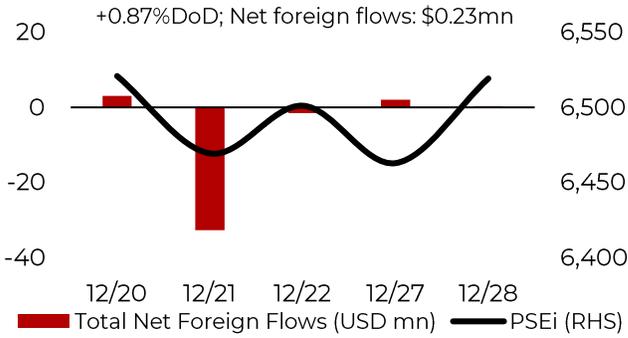


The Morning View

DECEMBER 29, 2023

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,519.11	+0.87%
3-mo bond yield	5.12%	-4.01 bps
2-yr bond yield	5.90%	-1.75 bps
10-yr bond yield	5.95%	-1.56 bps
USDPHP	55.48	-0.13%
Oil (Brent, \$ / barrel)	78.39	-1.58%

The Bureau of the Treasury (BTr) announced that the country's budget deficit stood at Php93.25 billion in November (-24.75% YoY). Revenues climbed by 2.82% YoY amid a surge in non-tax collections, while expenditures slowed by 4.69% YoY partly due to lower allotments to agencies. This brought the year-to-date budget gap to Php1.11 trillion.

ACEN Corp. (Ticker: ACEN) has subscribed to shares worth Php12.87 billion in its six wholly owned subsidiaries. The proceeds will be used for the development of several renewable energy projects. ACEN President Francia said the company is close to achieving its renewable energy capacity target of 5 gigawatts (GW) by 2025.

Local equities rose on bargain hunting and improved market sentiment due to growing bets of a dovish pivot by the US Fed next year. The PSEi closed at 6,519.11 (+0.87% DoD).

Local fixed income yields declined amid continued optimism over the expected rate cuts from the Fed next year. On average, yields fell by 1.36 bps, with the 2Y closing at 5.9% (-1.75 bps) and the 10Y closing at 5.95% (-1.56 bps).

The **Philippine peso** marginally strengthened ahead of key US jobs data. The USD/PHP pair closed at 55.48 (-0.13% DoD).

US jobless claims rose by 12,000 to 218,000 for the week ending December 23, according to the US Labor Department. The increase was higher than market estimate of 210,000 but is still considered indicative of a tight labor market.

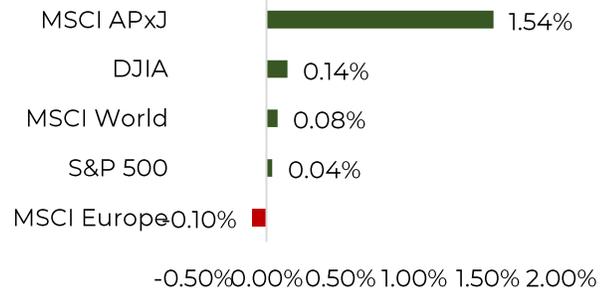
The US Pending Home Sales Index was unchanged at 71.6 in November, remaining at the lowest level recorded since 2001, according to the National Association of Realtors. This signals a slow recovery in existing home sales despite mortgage rates easing below 7%.

US equities slightly rose as investors digested cooling labor data which supported market expectations of a potential Fed rate cut next year. The S&P 500 closed at 4,783.35 (+0.04% DoD) and the DJIA closed at 37,710.1 (+0.14% DoD).

US Treasury yields were mixed but rose on average amid weak demand for the 7-year note auction. On average, yields rose by 3.13 bps, with the 2Y closing at 4.28% (+3.30 bps) and the 10Y closing at 3.85% (+5.00 bps).

The **US dollar** strengthened after a four-day skid amid bargain hunting ahead of the new year. The DXY closed at 101.23 (+0.24% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,783.35	+0.04%
DJIA	37,710.10	+0.14%
3-mo US Treasury yield	5.40%	-1.70 bps
2-yr US Treasury yield	4.28%	+3.30 bps
10-yr US Treasury yield	3.85%	+5.00 bps
DXY	101.23	+0.24%

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