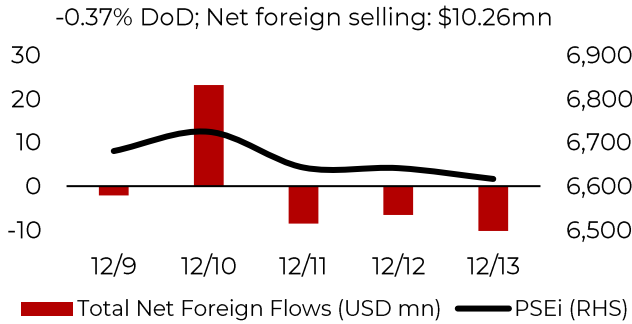


The Morning View

December 16, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,616.51	-0.37%
3-mo bond yield	5.84%	+1.45 bps
2-yr bond yield	5.95%	+2.10 bps
10-yr bond yield	5.92%	-2.36 bps
USDPHP	58.47	+0.39%
Oil (Brent, \$ / barrel)	74.49	+1.47%

The Bangko Sentral ng Pilipinas (BSP) is widely expected to cut its policy rate at its final meeting for the year on Dec. 19. A BusinessWorld poll showed that 13 of 16 analysts expect the BSP to reduce the target reverse repurchase rate by 25 basis points, citing slowing inflation and weaker-than-expected third-quarter gross domestic product growth.

Megaworld Corporation (PSE Ticker: MEG) eyes to open two to three new townships in 2025, according to its Executive Director Andrew Tan. Earlier this month, MEG announced that it had reached its target of 35 township projects, with the latest one being developed in Cagayan de Oro City.

Local equities declined amid cautious sentiment ahead of the BSP and the US Federal Reserve's December policy rate decisions. The PSEi closed at 6,616.51 (-0.37% DoD).

Local fixed income yields closed mixed as investors remained cautious ahead of the US Fed and the BSP's policy meetings this week. On average, yields fell by 0.09 bps, with the 2Y closing at 5.95% (+2.10 bps) and the 10Y closing at 5.92% (-2.36 bps).

The **Philippine peso** slightly weakened amid cautious trading ahead of the policy meetings of the US Fed and the BSP. The USD/PHP pair closed at 58.47 (+0.39% DoD).

US import prices edged up by 0.1% MoM in November (October: revised 0.1%), driven by higher costs in food and fuels. The slight increase was partially offset by declines in other sectors, influenced by a strong dollar.

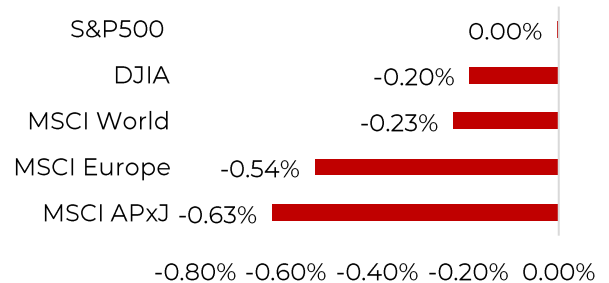
European Central Bank (ECB) policymaker Mario Centeno signaled gradual policy rate cuts in the coming quarters. Centeno added that monetary policy should be normalized in a few quarters' time with rates close to 2%, barring any new shocks.

US equities ended flat amid muted trading as investors awaited the Federal Reserve's policy decision this week. The S&P 500 closed at 6,051.09 (-0.00% DoD) and the DJIA closed at 43,828.06 (-0.20% DoD).

US Treasury yields rose as investors awaited the release of the November retail sales data, which could impact the policy decision of the Federal Reserve this week. On average, yields rose by 4.69 bps, with the 2Y closing at 4.25% (+5.40 bps) and the 10Y closing at 4.40% (+6.90 bps).

The **US dollar** closed flat following the soft US import and export prices data. The DXY closed at 107.00 (+0.04% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,051.09	-0.00%
DJIA	43,828.06	-0.20%
3-mo US Treasury yield	4.33%	-0.70 bps
2-yr US Treasury yield	4.25%	+5.40 bps
10-yr US Treasury yield	4.40%	+6.90 bps
DXY	107.00	+0.04%