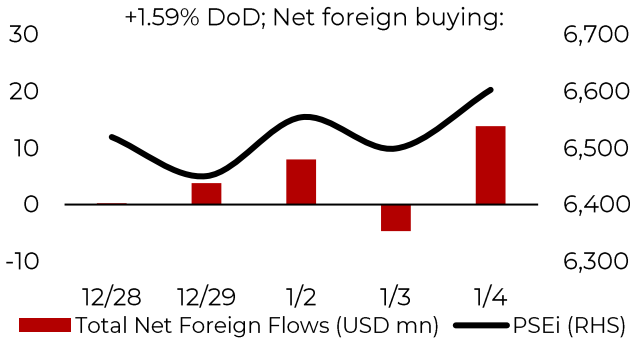


The Morning View

JANUARY 5, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,602.52	+1.59%
3-mo bond yield	5.22%	-0.48 bps
2-yr bond yield	5.91%	+0.61 bps
10-yr bond yield	6.09%	-5.44 bps
USDPHP	55.50	-0.13%
Oil (Brent, \$ / barrel)	77.59	-0.84%

Rice imports hit 3.48 million metric tons (MT) as of late December, as the government continues to build reserves in anticipation of El Niño. According to the Department of Agriculture (DA), rice imports are expected to total 3.65 million MT for 2023, with 500,000 MT to arrive in December and January.

Manila Electric Company (Ticker: MER) has started the bidding for 660 megawatts (MW) of interim supply. This is in anticipation of increased power demand in the coming summer season. The 660-MW requirement will cover MER's 400-MW baseload requirement and 260-MW peaking requirement for this year.

Local equities gained ahead of the local inflation data release. The PSEi closed at 6,602.52 (+1.59% DoD)

Local fixed income yields were mixed as the market awaited the release of the December local inflation report as well as US labor market data this week. On average, yields fell by 0.47 bps, with the 2Y closing at 5.91% (+0.61 bps) and the 10Y closing at 6.09% (-5.44 bps).

The **Philippine peso** strengthened ahead of the release of the country's December inflation data. The USD/PHP pair closed at 55.50 (-0.13% DoD).

December ADP private payrolls rose to 164,000 jobs, higher than 101,000 jobs in November. This beat the market estimate of 125,000 jobs, indicating continued resiliency in the US labor market. The increase was driven by gains from the leisure and hospitality sector.

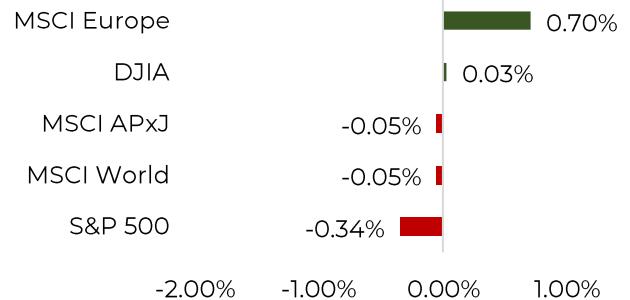
US mortgage rates edged slightly higher, breaking the consecutive declines since October last year. While mortgage rates are now below their peaks, demand is still challenged by low inventory and high home prices. In the week ending January 4, the 30-year mortgage rate averaged 6.62%, up from 6.61% in the past week.

US equities were mixed as tech stocks declined on extended profit-taking and as investors digested a slew of US economic data releases. The S&P 500 closed at 4,688.68 (-0.34% DoD) and the DJIA closed at 37,440.43 (+0.03% DoD).

US Treasury yields rose on stronger-than-expected payroll and jobless claims data. On average, yields rose by 5.38 bps, with the 2Y closing at 4.39% (+5.40 bps) and the 10Y closing at 4% (+8.30 bps).

The **US Dollar** was flat following the release of private payroll and jobless claims data in the US. This was also ahead of the nonfarm payrolls report due this Friday. The DXY closed at 102.42 (-0.07% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,688.68	-0.34%
DJIA	37,440.34	+0.03%
3-mo US Treasury yield	5.40%	+0.70 bps
2-yr US Treasury yield	4.39%	+5.40 bps
10-yr US Treasury yield	4.00%	+8.30 bps
DXY	102.42	-0.07%

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