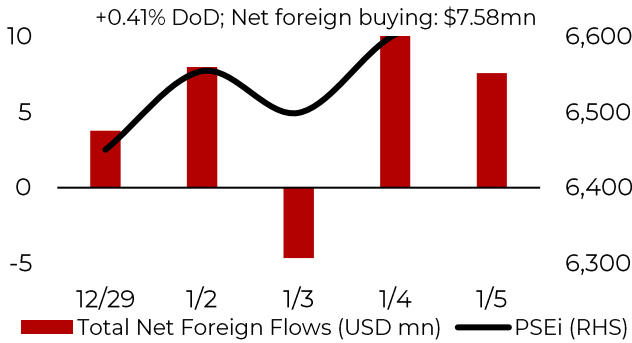


The Morning View

JANUARY 8, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,629.64	+0.41%
3-mo bond yield	5.23%	+1.14 bps
2-yr bond yield	5.91%	-0.25 bps
10-yr bond yield	6.12%	+2.78 bps
USDPHP	55.57	+0.13%
Oil (Brent, \$ / barrel)	78.76	+1.51%

Inflation further eased to 3.9% in December amid lower prices of food and utilities. This marked the first time since March 2022 that inflation settled within the Bangko Sentral ng Pilipinas' (BSP) target range of 2-4%. Nonetheless, the FY2023 average inflation settled at 6.0%, exceeding the target range.

DMCI Power Corp., a unit of DMCI Holdings, Inc. (Ticker: DMC), plans to complete a 12-megawatt (MW) onshore wind facility on Semirara Island in Antique by end-2024. This would be the first renewable energy project of the power company which entails an investment of around \$12 million.

Local equities rose amid optimism after inflation settled within the BSP's target range. The PSEi closed at 6,629.64 (+0.41% DoD)

Local fixed income yields were mixed after the release of the local inflation print, which settled within the BSP's target range. The market also digested strong US labor data releases, which sparked doubts on the timing of the Fed's rate cuts. On average, yields rose by 0.32 bps, with the 2Y closing at 5.91% (-0.25 bps) and the 10Y closing at 6.12% (+2.78 bps).

The **Philippine peso** slightly weakened after the BSP announced it would limit its foreign exchange market intervention. The USD/PHP pair closed at 55.57 (+0.13% DoD).

Fed Dallas President Logan warned that another rate hike remains a possibility and should not be ruled out yet. She noted that recent declines in long-term bond yields could be a catalyst for demand to pick up and inflation to reaccelerate.

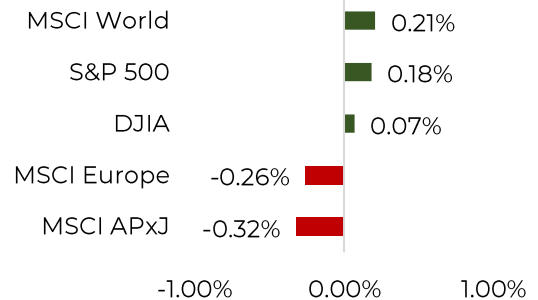
US Institute for Supply Management (ISM) services PMI fell to 50.6 in December, the lowest reading since May (November: 52.7). Albeit still indicating growth, the slowdown was largely driven by spending shifting back to goods. A measure of new orders received by services businesses declined from 55.5 in November to 52.8 last month.

US equities slightly rose as investors weighed mixed data including the stronger-than-expected payrolls as well as slower ISM services PMI. The S&P 500 closed at 4,697.24 (+0.18% DoD) and the DJIA closed at 37,466.11 (+0.07% DoD).

US Treasury yields were mixed but rose on average as investors continued to weigh stronger-than-expected wage and employment data. On average, yields rose by 2.25 bps, with the 2Y closing at 4.38% (-0.40 bps) and the 10Y closing at 4.05% (+4.50 bps).

The **US Dollar** was flat as investors weighed mixed US labor market and services PMI data. The DXY closed at 102.41 (-0.01% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,697.24	+0.18%
DJIA	37,466.11	+0.07%
3-mo US Treasury yield	5.39%	-1.30 bps
2-yr US Treasury yield	4.38%	-0.40 bps
10-yr US Treasury yield	4.05%	+4.50 bps
DXY	102.41	-0.01%

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