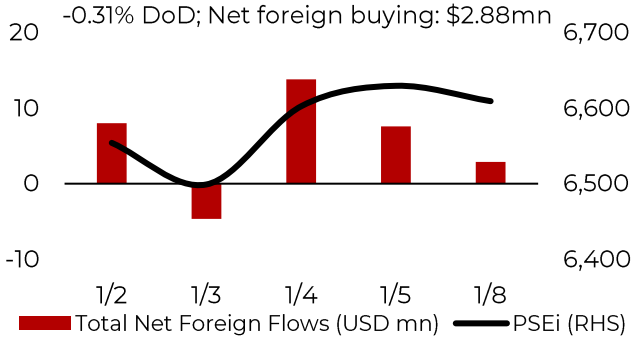


## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,609.22	-0.31%
3-mo bond yield	5.29%	+6.72 bps
2-yr bond yield	5.90%	-0.54 bps
10-yr bond yield	6.14%	+2.22 bps
USDPHP	55.69	+0.22%
Oil (Brent, \$ / barrel)	76.12	-3.35%

**The Bangko Sentral ng Pilipinas (BSP) may cut rates by up to 100 basis points this year**, according to Finance Secretary and Monetary Board member Diokno as he sees inflation to stay within the BSP's 2-4% target band. He added that the timing would likely be towards the 2<sup>nd</sup> half of the year, depending on the data available.

**Manila Electric Company (Ticker: MER) is anticipating a minimal increase in generation charge for January.** The potentially higher generation charge, which accounts for more than half of a consumer's monthly electricity bill, is mainly driven by higher costs in the Wholesale Electricity Spot Market (WESM).

**Local equities** declined ahead of the US CPI inflation print. Bloomberg consensus expects US CPI to slightly reaccelerate to 3.2% in December from the previous 3.1% print. The PSEi closed at 6,609.22 (-0.31% DoD).

**Local fixed income yields** were mixed ahead of the release of the December US CPI inflation print, which could determine the timing of the US Fed's policy rate cuts. On average, yields rose by 3.36 bps, with the 2Y closing at 5.90% (-0.54 bps) and the 10Y closing at 6.14% (+2.22 bps).

The **Philippine peso** weakened following dovish remarks from Finance Secretary Diokno, stating a possible 100-bp rate cut from the BSP this 2024. The USD/PHP pair closed at 55.69 (+0.22% DoD).

**Atlanta Fed President Bostic leans to keeping policy rates tight as inflation remains above the central bank's 2% target.** Nonetheless, he maintains his view that a 50-basis point cut would be needed by end-2024 with an initial cut by the 3<sup>rd</sup> quarter.

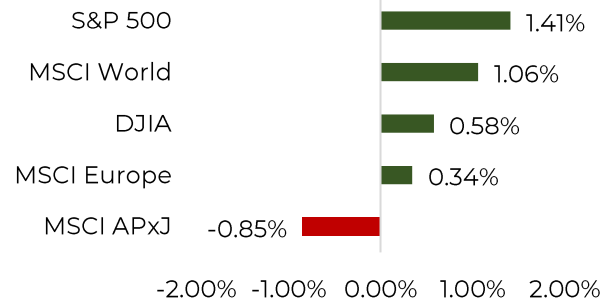
**US Home Purchase Sentiment Index improved to 67.2 in December (November: 64.3) as homeowners expect mortgage rates to further fall this 2024.** According to the National Housing Survey, more homeowners believed loan rates would go down than go up. However, housing supply recovery may take a while as homeowners are still reluctant to sell their homes.

**US equities** rose, supported by the rally of tech stocks and the decline of the 10-year US Treasury yields. Investors also looked ahead of the release of the December CPI report. The S&P 500 closed at 4,763.54 (+1.41% DoD) and the DJIA closed at 37,683.01 (+0.58% DoD).

**US Treasury yields** were mixed but fell on average as investors waited for the upcoming inflation print and digested a New York Fed report saying consumers expect lower inflation. On average, yields fell by 1.06 bps, with the 2Y closing at 4.38% (-0.4 bps) and the 10Y closing at 4.03% (-1.6 bps).

The **US Dollar** weakened as investors focused on the upcoming release of the December US CPI print which could provide clues on the Fed's next policy moves. The DXY closed at 102.21 (-0.20% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,763.54	+1.41%
DJIA	37,683.01	+0.58%
3-mo US Treasury yield	5.40%	+1.00 bps
2-yr US Treasury yield	4.38%	-0.40 bps
10-yr US Treasury yield	4.03%	-1.60 bps
DXY	102.21	-0.20%