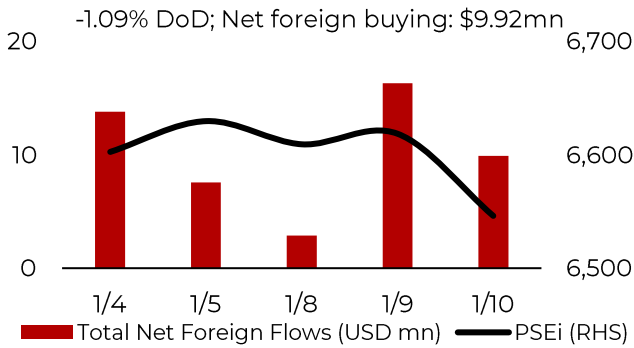


The Morning View

JANUARY 11, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,546.11	-1.09%
3-mo bond yield	5.30%	+4.04 bps
2-yr bond yield	5.90%	-0.69 bps
10-yr bond yield	6.18%	+2.59 bps
USDPHP	56.28	+0.47%
Oil (Brent, \$ / barrel)	76.8	-1.02%

PH trade deficit widens to \$4.69 billion in November, a seven-month high. According to data from the Philippine Statistics Authority (PSA), the trade deficit jumped by 26.3% YoY, driven by flat import growth and continued decline in exports amid cooling global demand, specifically for semiconductors.

Ayala Land, Inc. (Ticker: ALI) is aiming to double its net income by 2028. According to new CEO Meean Dy, growth will likely be driven by its increased spending on segments such as shopping malls, which showcased robust growth and led the property developer's recovery after the pandemic.

Local equities dipped as investors remained cautious ahead of the US consumer price index (CPI) data release. Bloomberg consensus is forecasting US inflation to slightly accelerate to 3.2%. The PSEi closed at 6,546.11 (-1.09% DoD)

Local fixed income yields were mixed ahead of the US CPI release and as investors continued to weigh expectations of the Bangko Sentral ng Pilipinas cutting rates in lockstep with the US Fed. On average, yields rose by 0.97 bps, with the 2Y closing at 5.90% (-0.69 bps) and the 10Y closing at 6.18% (+2.59 bps).

The **Philippine peso** weakened after the country's trade gap widened in November. The USD/PHP pair closed at 56.28 (+0.47% DoD).

New York Fed President Williams says its too soon to call for rate cuts. He reiterated that he expects that the Fed will maintain a sufficiently restrictive monetary policy until inflation is sustainably moving towards 2%.

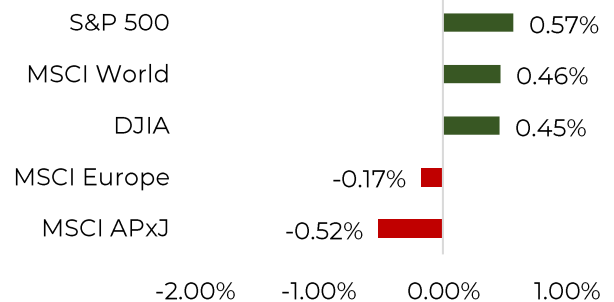
US Home Purchase Mortgage applications soared by 9.9% YoY as rates continued to trend lower in the first week of 2024. Similarly, applications to refinance an existing loan jumped by 30% YoY. This data suggests that as the cost of borrowing falls, demand for homes improves.

US equities rose as mega-cap tech companies like Nvidia rallied on upbeat earnings expectations. However, gains were tempered by hawkish comments from New York Fed President Williams. The S&P 500 closed at 4,783.45 (+0.57% DoD) and the DJIA closed at 37,695.73 (+0.45% DoD).

US Treasury yields were mixed ahead of the US CPI print and amid hawkish comments from the New York Fed President. On average, yields rose by 0.53 bps, with the 2Y closing at 4.36% (-0.40 bps) and the 10Y closing at 4.03% (+1.50 bps).

The **US dollar** slightly weakened as investors stayed on the sidelines before the release of the December CPI reading. The DXY closed at 102.36 (-0.20% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,783.45	+0.57%
DJIA	37,695.73	+0.45%
3-mo US Treasury yield	5.39%	-1.10 bps
2-yr US Treasury yield	4.36%	-0.40 bps
10-yr US Treasury yield	4.03%	+1.50 bps
DXY	102.36	-0.20%

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