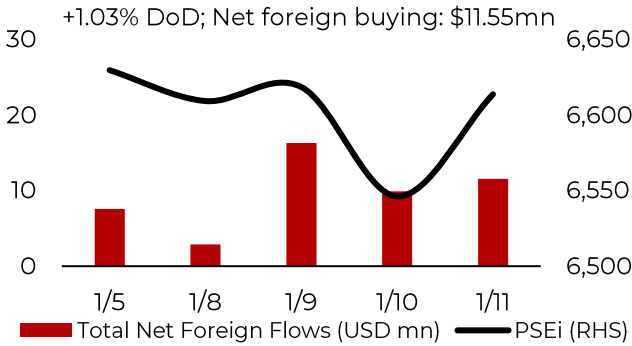


# The Morning View

JANUARY 12, 2024

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,613.73	+1.03%
3-mo bond yield	5.26%	-3.82 bps
2-yr bond yield	5.90%	+0.02 bps
10-yr bond yield	6.25%	+6.84 bps
USDPHP	55.95	-0.58%
Oil (Brent, \$ / barrel)	77.41	+0.79%

**Former Senator Ralph G. Recto has been appointed as the new Finance secretary**, replacing Benjamin E. Diokno. Recto is set to take his oath before President Marcos today, while Diokno will join the Bangko Sentral ng Pilipinas (BSP) Monetary board as its last member.

**Converge ICT Solutions, Inc. (Ticker: CNVRG) has entered into an agreement with DITO Telecommunity Corp. to mutually use their submarine fiber optic cable assets.** This collaboration could help increase the utilization of their existing facilities and improve the quality of internet services in the country.

**Local equities** gained ahead of the US consumer price index (CPI) data release. Bargain hunting also likely pushed the index higher following the previous session's sell-off. The PSEi closed at 6,613.73 (+1.03% DoD)

**Local fixed income yields** rose ahead of the release of the US December CPI print, which could help determine the US Federal Reserve's next policy rate move. On average, yields rose by 0.65 bps, with the 2Y closing at 5.90% (+0.02 bps) and the 10Y closing at 6.25% (+6.84 bps).

The **Philippine peso** slightly strengthened ahead of the US December CPI inflation print. The USD/PHP pair closed at 55.95 (-0.58% DoD).

**US Consumer Price Index (CPI) rose 3.4% YoY (Nov: 3.1% YoY) in December on the back of rising shelter and healthcare costs.** This exceeded market consensus estimate of 3.2% YoY and tempered predictions of an early Fed rate cut. Likewise, core CPI rose by 3.9% YoY in December (Nov: 4.0% YoY), settling within expectations.

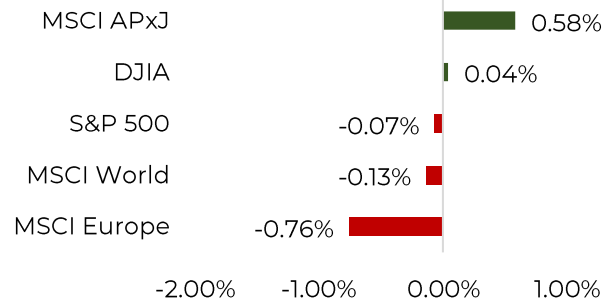
**The US federal government posted a budget deficit amounting to \$129 billion in December 2023, a 52% YoY increase.** The widening of the gap was attributed to lower receipts and higher outlays on Social Security and interest on government debt.

**US equities** ended mixed after the release of the hotter-than-expected December US CPI report, which raised uncertainty on the path ahead for interest rates. The S&P 500 closed at 4,780.24 (-0.07% DoD) and the DJIA closed at 37,711.02 (+0.04% DoD).

**US Treasury yields** declined despite the faster-than-expected headline inflation as core inflation settled within expectations (0.3% MoM, 3.9% YoY). On average, yields fell by 5.58 bps, with the 2Y closing at 4.25% (-11.30 bps) and the 10Y closing at 3.97% (-6.20 bps).

The **US dollar** was flat as investors digested the latest US inflation print. The DXY closed at 102.29 (-0.07% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,780.24	-0.07%
DJIA	37,711.02	+0.04%
3-mo US Treasury yield	5.39%	-0.90 bps
2-yr US Treasury yield	4.25%	-11.30 bps
10-yr US Treasury yield	3.97%	-6.20 bps
DXY	102.29	-0.07%

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