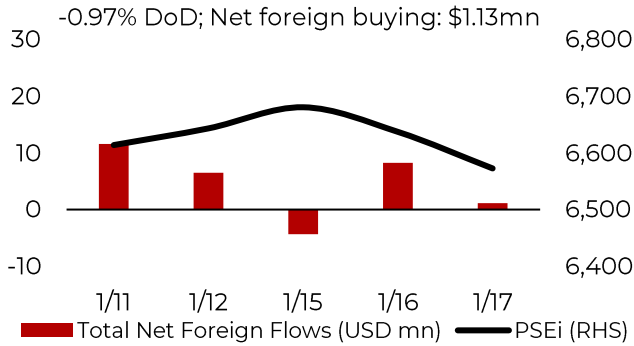


The Morning View

JANUARY 18, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,572.51	-0.97%
3-mo bond yield	5.35%	+3.34 bps
2-yr bond yield	5.88%	+1.59 bps
10-yr bond yield	6.18%	-0.03 bps
USDPHP	55.93	+0.18%
Oil (Brent, \$ / barrel)	77.88	-0.52%

The Department of Finance (DoF) is studying the implementation of a carbon tax and emissions trading system. According to Finance Secretary Recto, the system would allow the government to incorporate social and external costs associated with carbon emissions.

AREIT, Inc., the REIT arm of Ayala Land, Inc. (Ticker: ALI), has acquired the Seda Lio resort hotel in El Nido for Php1.19 billion. AREIT President and CEO Carol T. Mills shared that this acquisition, along with the asset infusions planned this year, would help diversify its portfolio and reduce concentration risk.

Local equities fell after China's gross domestic product (GDP) grew less than expected. China's economy rose 5.2% in 4Q, slightly behind the 5.3% Bloomberg consensus forecast. The PSEi closed at 6,572.51 (-0.97% DoD).

Local fixed income yields were mixed as investors digested the weaker-than-expected China 4Q23 GDP growth and stronger-than-expected US retail sales data. On average, yields rose by 1.15 bps, with the 2Y closing at 5.88% (+1.59 bps) and the 10Y closing at 6.18% (-0.03 bps).

The **Philippine peso** weakened after the strong US retail sales data in December dimmed hopes of early rate cuts from the US Fed. The USD/PHP pair closed at 55.93 (+0.18% DoD).

US retail sales rebounded by 0.6% MoM in December (November: +0.3%), driven by a surge in motor vehicle and online purchases. Meanwhile, core retail sales grew by 0.8% in the same month (November: revised +0.5%). The strong retail sales data has tempered expectations of early rate cuts from the Fed.

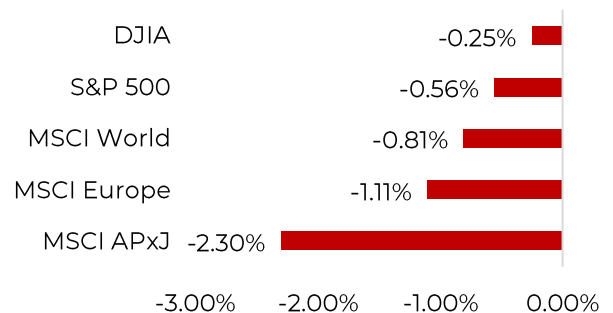
China's 4Q23 GDP rose to 5.2% (3Q23: 4.9%), slightly below street expectations of 5.3%. According to the head of the National Bureau of Statistics (NBS) Kang Yi, the growth in 2023 was "hard won" but the outlook for 2024 remains challenging amid a complex external environment and insufficient demand.

US equities declined after the hotter-than-expected December retail sales, dimming the market's optimism over early policy rate cuts this year. The S&P 500 closed at 4,739.21 (-0.56% DoD) and the DJIA closed at 37,266.67 (-0.25% DoD).

US Treasury yields gained as retail sales came in strong than expected. On average, yields rose by 5.20 bps, with the 2Y closing at 4.36% (+13.90 bps) and the 10Y closing at 4.11% (+4.60 bps).

The **US dollar** was flat as investors weighed a slew of economic data releases in the US and China. This was also after European Central Bank President Lagarde said rate cuts are likely in the summer. The DXY closed at 103.37 (+0.01% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,739.21	-0.56%
DJIA	37,266.67	-0.25%
3-mo US Treasury yield	5.39%	+1.30 bps
2-yr US Treasury yield	4.36%	+13.90 bps
10-yr US Treasury yield	4.11%	+4.60 bps
DXY	103.37	+0.01%

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