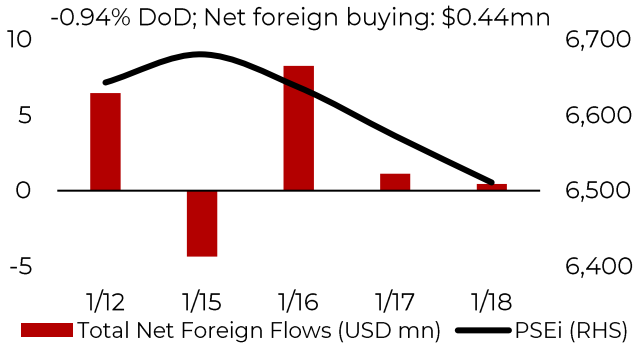


# The Morning View

JANUARY 19, 2024

## Philippine Stock Exchange Index



	Level	DoD
PSEi	6,510.87	-0.94%
3-mo bond yield	5.32%	-2.57 bps
2-yr bond yield	5.89%	+1.56 bps
10-yr bond yield	6.21%	+3.13 bps
USDPHP	55.84	-0.16%
Oil (Brent, \$ / barrel)	79.1	+1.57%

According to the **ASEAN+3 Macroeconomic Research Office (AMRO)**, the **Philippines is set to be the fastest growing economy in the region**. AMRO kept its Philippine gross domestic product (GDP) growth forecast unchanged at 6.3% this year. The forecast remains below the government's target of 6.5 to 7.5% for 2024.

**PLDT Inc. (Ticker: TEL) Chairman, President, and CEO Manuel V. Pangilinan** said that **growth in the telco industry is expected to be challenging this year**. He guided that the company plans to lower its capex budget for 2024, after setting a capex guidance of Php80-85 billion in 2023.

**Local equities** continued to fall as investors price in rate cuts from the Fed occurring later than initially expected. The PSEi closed at 6,510.87 (-0.94% DoD).

**Local fixed income yields** jumped as investors digested the stronger-than-expected December US retail sales data, which pushed back expectations of early policy rate cuts from the US Federal Reserve. On average, yields rose by 0.92 bps, with the 2Y closing at 5.89% (+1.56 bps) and the 10Y closing at 6.21% (+3.13 bps).

The **Philippine peso** weakened amid tempered expectations of rate cuts from the US Federal Reserve. The USD/PHP pair closed at 55.84 (-0.16% DoD).

**US initial jobless claims fell to 187,000 in the week ending Jan. 13, its lowest since Sept 2022**, and below street estimate of 205,000. This may be an indication of a tight labor market, further pushing back market expectations of an early Fed rate cut this year.

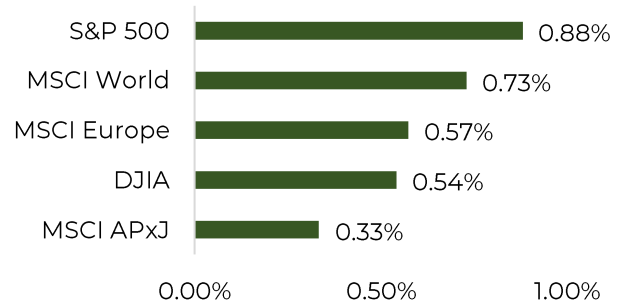
**US Atlanta Fed Governor Bostic anticipates rate cuts to occur in the third quarter, pushing back on rate cut expectations of as early as March this year**. Bostic advocated to closely monitor economic growth, inflation and jobs data before normalizing policy rates.

**US equities** recovered amid positive sentiment for tech stocks after the world's largest chipmaker, Taiwan Semiconductor Manufacturing Co., reported robust earnings for the fourth quarter. The S&P 500 closed at 4,780.94 (+0.88% DoD) and the DJIA closed at 37,468.61 (+0.54% DoD).

**US Treasury yields** were mixed but rose on average as US initial jobless claims fell below consensus estimate, pushing back against early rate cut expectations. On average, yields rose by 1.78 bps, with the 2Y closing at 4.36% (-0.60 bps) and the 10Y closing at 4.14% (+3.80 bps).

The **US dollar** strengthened as the drop in US initial jobless claims kept the market's aggressive rate cut expectations in check. The DXY closed at 103.54 (+0.08% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	4,780.94	+0.88%
DJIA	37,468.61	+0.54%
3-mo US Treasury yield	5.38%	-0.90 bps
2-yr US Treasury yield	4.36%	-0.60 bps
10-yr US Treasury yield	4.14%	+3.80 bps
DXY	103.54	+0.08%

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