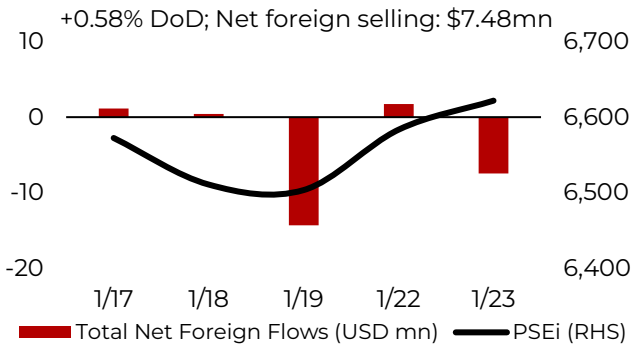


The Morning View

JANUARY 24, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,621.88	+0.58%
3-mo bond yield	5.36%	+3.50 bps
2-yr bond yield	5.94%	+3.19 bps
10-yr bond yield	6.32%	+7.19 bps
USDPHP	56.16	-0.31%
Oil (Brent, \$ / barrel)	79.55	-0.64%

Bangko Sentral ng Pilipinas (BSP) Governor Remolona stated that a rate cut on its February 15 meeting is unlikely. As of last December, the BSP's risk-adjusted inflation forecast stood at 4.2% for 2024, above the 2-4% target of the BSP. According to BSP Deputy Governor Dakila, rising geopolitical tensions and prolonged El Niño were considered as upside risks in the forecast.

Century Pacific Food, Inc. (Ticker: CNPF) seeks to boost its renewable energy investments. The company plans to expand the capacity of its General Santos solar facility by 65% to 8.6 megawatts (MW) and construct a biomass broiler for its coconut facility.

Local equities climbed amid investor optimism after US equities reached fresh highs this week. The PSEi closed at 6,621.88 (+0.58% DoD)

Local fixed income yields jumped after the comments from BSP Governor Remolona pushed back expectations of early policy rate cuts. Yields were also pushed by fresh supply after the Bureau of the Treasury issued new Php30 billion, 10-year Treasury bonds. On average, yields rose by 2.94 bps, with the 2Y closing at 5.94% (+3.19 bps) and the 10Y closing at 6.32% (+7.19 bps).

The **Philippine peso** strengthened as investors digested BSP Governor Remolona's remarks that rate cuts are unlikely in the first half of 2024. The USD/PHP pair closed at 56.16 (-0.31% DoD).

Unemployment rate rose in 15 states in the US in December, up by 3 from November, according to the Bureau of Labor Statistics. Meanwhile, nonfarm payroll employment levels remained flat in all states in the same period.

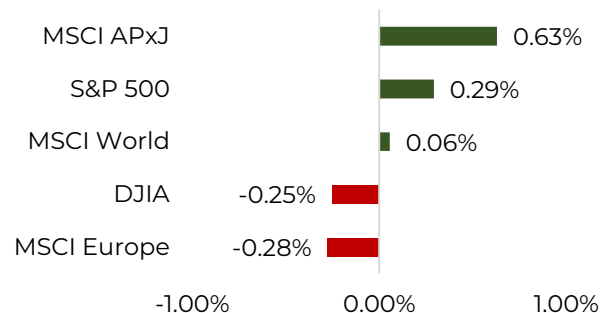
The Bank of Japan (BoJ) kept its short-term rate and 10-year bond yield targets at -0.1% and around 0%, respectively. BoJ also reduced its core consumer inflation forecast for the fiscal year starting in April. The forecast was revised lower to 2.4% from the initial 2.8% projection in October, making it closer to its 2% target.

US equities closed mixed as investors digested the latest batch of fourth quarter corporate earnings reports. The S&P 500 closed at 4,864.60 (+0.29% DoD) and the DJIA closed at 37,905.45 (-0.25% DoD).

US Treasury yields were mixed but rose on average ahead of the US 4th quarter GDP and PCE inflation data for December. On average, yields rose by 1.17 bps, with the 2Y closing at 4.37% (-1.90 bps) and the 10Y closing at 4.13% (+2.50 bps).

The **US dollar** strengthened amid expectations that the US Federal Reserve would be in no rush to cut rates this year. This was also after the BoJ decided to leave its negative rate policy unchanged. The DXY closed at 103.62 (+0.28% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,864.60	+0.29%
DJIA	37,905.45	-0.25%
3-mo US Treasury yield	5.38%	+0.50 bps
2-yr US Treasury yield	4.37%	-1.90 bps
10-yr US Treasury yield	4.13%	+2.50 bps
DXY	103.62	+0.28%

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