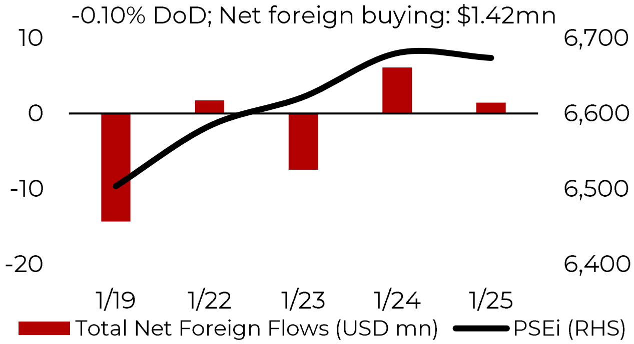
The Morning View

JANUARY 26, 2024

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,673.50	-0.10%
3-mo bond yield	5.43%	+2.77 bps
2-yr bond yield	5.97%	+2.39 bps
10-yr bond yield	6.22%	-1.48 bps
USDPHP	56.53	+0.41%
Oil (Brent, $ / barrel)	82.43	+2.99%

The Bangko Sentral ng Pilipinas (BSP) reported that foreign portfolio investments or "hot money" recorded a net outflow of $247 million in 2023, a reversal from $887 million net inflow in 2022. The net outflow in 2023 may be attributed to the rising interest rate and inflation environment which dampened investor sentiment. Moving into 2024, the BSP expects a recovery to $1.7 billion net inflow.

Ayala Land, Inc. (Ticker: ALI) is renovating four of its flagship malls over the next two years. The phased redevelopment of Glorietta, Greenbelt, TriNoma, and Ayala Center Cebu aims to create more leasable areas as well as improve open and common spaces.

Local equities was flat on cautious trading ahead of the 4Q23 US gross domestic product (GDP) growth data release. The PSEi closed at 6,673.5 (-0.10% DoD)

Local fixed income yields ended mixed ahead of the release of the US GDP growth for the fourth quarter. On average, yields rose by 1.35 bps, with the 2Y closing at 5.97% (+2.39 bps) and the 10Y closing at 6.22% (-1.48 bps).

The **Philippine peso** weakened as the markets awaited the release of the US GDP print overnight. The USD/PHP pair closed at 56.53 (+0.41% DoD).

US GDP grew by 3.3% in 4Q23, beating street expectations of 2.0% growth. This brought the average GDP growth for FY2023 to 2.5%. The strong growth was driven by strong consumer spending. This was also supplemented by rising exports, government spending, and business investment.

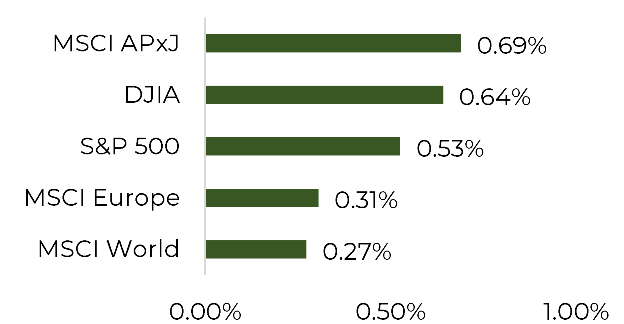
The European Central Bank (ECB) kept its key interest rate at a historic high of 4% during its latest policy meeting. The central bank also noted the persistent decline in underlying inflation. Markets now anticipate a ~90% chance of a rate cut in April, up from ~62% prior to the meeting. However, ECB policymakers highlighted potential risks, particularly wage growth.

US equities rose after the stronger-than-expected 4Q23 US GDP growth and upbeat corporate earnings lifted investor sentiment. The S&P 500 closed at 4,894.16 (+0.53% DoD) and the DJIA closed at 38,049.13 (+0.64% DoD).

US Treasury yields declined ahead of the US personal consumption expenditures price index inflation data. On average, yields fell by 4.91 bps, with the 2Y closing at 4.30% (-8.50 bps) and the 10Y closing at 4.12% (-5.80 bps).

The **US dollar** strengthened as investors digested the faster-than-expected growth of the US economy in 4Q23. The DXY closed at 103.57 (+0.33% DoD).

Global Stock Indices



	Level	DoD
S&P 500	4,894.16	+0.53%
DJIA	38,049.13	+0.64%
3-mo US Treasury yield	5.36%	-1.40 bps
2-yr US Treasury yield	4.30%	-8.50 bps
10-yr US Treasury yield	4.12%	-5.80 bps
DXY	103.57	+0.33%