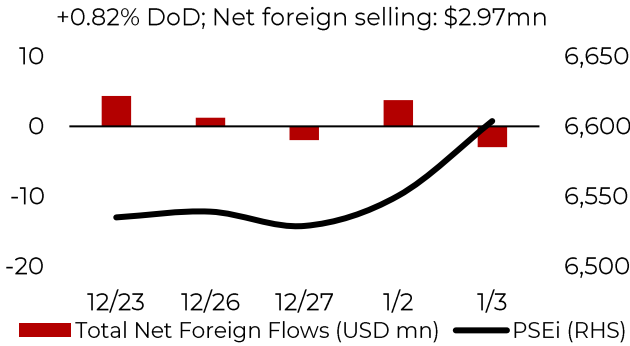


The Morning View

January 6, 2025

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,603.81	+0.82%
3-mo bond yield	5.83%	-2.20 bps
2-yr bond yield	6.07%	-2.00 bps
10-yr bond yield	6.16%	-2.45 bps
USDPHP	58.20	+0.50%
Oil (Brent, \$ / barrel)	76.51	+0.76%

The Bangko Sentral ng Pilipinas (BSP) announced it will reduce its policy meetings from seven to six per year, starting in 2025.

The central bank said that the bimonthly schedule will allow for more comprehensive data analysis and consultations with sector experts. The first policy meeting this year is set for February 20.

Jollibee Foods Corp. (PSE Ticker: JFC) completed its takeover of the management and ownership of Tim Ho Wan on January 2, 2025. Tim Ho Wan will be the flagship brand for JFC's Chinese cuisine segment.

Local equities rose on continued bargain hunting. Investors also positioned ahead of the December local inflation reading, which is expected to remain within the BSP's 2-4% target range. The PSEi closed at 6,603.81 (+0.82% DoD).

Local fixed income yields fell ahead of the release of the local inflation print for December. The BSP sees December inflation to fall between the 2.3%-3.1% range. On average, yields fell by 3.94 bps, with the 2Y closing at 6.07% (-2.00 bps) and the 10Y closing at 6.16% (-2.45 bps).

The **Philippine peso** weakened following the strong US weekly initial jobless claims data, which tempered views of sooner Fed rate cuts. This was also ahead of the local inflation data release. The USD/PHP pair closed at 58.20 (+0.50% DoD).

Federal Reserve Governor Adriana Kugler said that the job on inflation is not yet done but warned against excessively slowing the labor market. She highlighted potential inflation risks and signaled a cautious approach to policy easing, reaffirming the Fed's reliance on data-driven decisions.

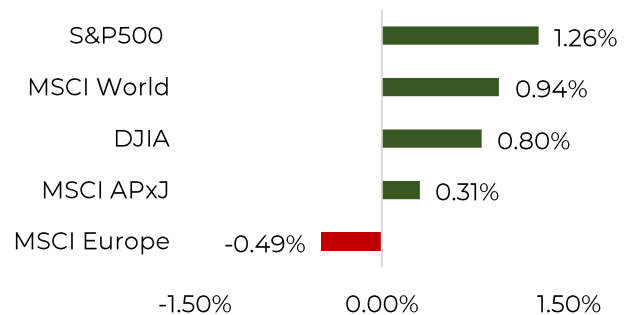
US Institute for Supply Management's (ISM) manufacturing Purchasing Managers' Index (PMI) rose to 49.3 in December, a nine-month high. The December reading was above November's 48.4 and consensus expectation of 48.2, but stayed below the 50-level which indicates continued contraction albeit at a slower pace.

US equities rebounded as tech stocks climbed after Microsoft announced its plan to invest \$80 billion in AI-enabled data centers. This was also after the stronger-than-expected ISM Manufacturing PMI data in the US. The S&P 500 closed at 5,942.47 (+1.26% DoD) and the DJIA closed at 42,732.13 (+0.80% DoD).

US Treasury yields rose ahead of upcoming speeches from Federal Reserve officials. On average, yields rose by 2.86 bps, with the 2Y closing at 4.28% (+3.90 bps) and the 10Y closing at 4.60% (+3.90 bps).

The **US dollar** slightly weakened after the US manufacturing PMI came out stronger than expected but still showed a contraction in the manufacturing sector. The DXY closed at 108.95 (-0.40% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,942.47	+1.26%
DJIA	42,732.13	+0.80%
3-mo US Treasury yield	4.31%	-0.90 bps
2-yr US Treasury yield	4.28%	+3.90 bps
10-yr US Treasury yield	4.60%	+3.90 bps
DXY	108.95	-0.40%

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