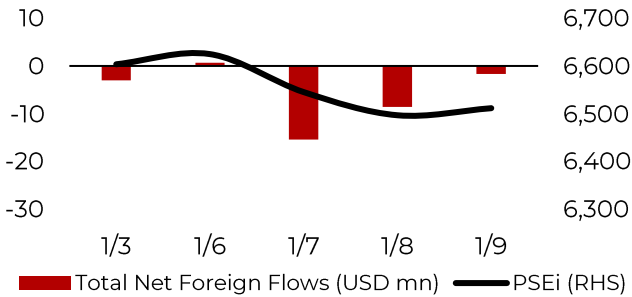


# The Morning View

January 10, 2025

## Philippine Stock Exchange Index

+0.23% DoD; Net foreign selling: \$1.68mn



	Level	DoD
PSEi	6,511.57	+0.23%
3-mo bond yield	5.77%	-4.47 bps
2-yr bond yield	5.99%	+0.02 bps
10-yr bond yield	6.14%	-0.12 bps
USDPHP	58.50	+0.18%
Oil (Brent, \$ / barrel)	76.92	+1.00%

**The Philippines' trade deficit declined to \$4.77 billion in November (Oct. Revised: \$5.78 billion).** Exports and imports fell by 8.7% YoY and 4.9% YoY to \$5.69 billion and \$10.46 billion, respectively. These marked the lowest levels since June 2024. Exports were weighed down by tempered demand for electronics, while imports were down amid the lower value of energy imports.

**International Container Terminal Services, Inc. (PSE Ticker: ICT) received the approval of the Board of Investments for its Php2.35-billion project to modernize and operate the Visayan Container Terminal in Iloilo.** The project will improve the port's operational efficiency and expand its cargo handling capabilities.

**Local equities** inched up amid last-minute bargain hunting. Investors also weighed the US Fed's hawkish December minutes of the meeting. The PSEi closed at 6,511.57 (+0.23% DoD).

**Local fixed income yields** ended mixed as traders digested the Fed's December meeting minutes, which signaled a more gradual pace of rate cuts. On average, yields fell by 1.44 bps, with the 2Y closing at 5.99% (+0.02 bps) and the 10Y closing at 6.14% (-0.12 bps).

The **Philippine peso** weakened after the lower-than-expected US initial jobless claims data fanned bets of a Fed rate pause at the upcoming January policy meeting. The USD/PHP pair closed at 58.50 (+0.23% DoD).

**Several Federal Reserve officials stressed the importance of a gradual and cautious approach to policy easing.** Fed Governor Michelle Bowman, Boston Fed President Susan Collins, and Kansas City Fed President Jeffrey Schmid highlighted that the resilience of the US economy provides room for the Fed to be patient.

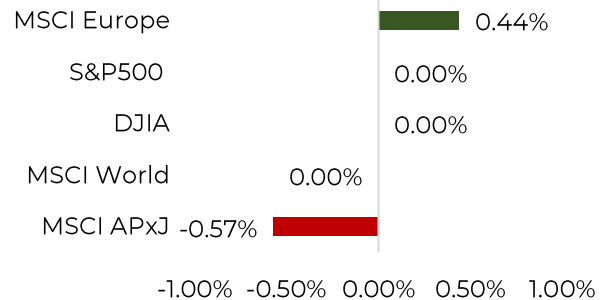
**Japan's real wages fell by 0.3% YoY in November (Oct. Revised: -0.4%), the fourth straight month of decline.** This was driven by higher prices which outpaced base pay growth. Nominal pay rose by 3.0% YoY in November (Oct Revised: 2.2%) primarily driven by the previous spring wage negotiations.

**US equities** were unchanged as markets were closed in observance of the National Day of Mourning for former US President Jimmy Carter. The S&P 500 closed at 5,918.25 (0.00% DoD) and the DJIA closed at 42,635.20 (0.00% DoD).

**US Treasury yields** slightly fell in a shortened session as the bond market closed early to honor the late former US President Jimmy Carter. Investors also looked ahead to the release of US nonfarm payrolls data. On average, yields fell by 0.45 bps, with the 2Y closing at 4.27% (-2.10 bps) and the 10Y closing at 4.69% (-0.20 bps).

The **US dollar** strengthened amid hawkish remarks by several Fed officials and ahead of the release of US nonfarm payrolls data. The DXY closed at 109.18 (+0.08% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	5,918.25	0.00%
DJIA	42,635.20	0.00%
3-mo US Treasury yield	4.31%	-0.30 bps
2-yr US Treasury yield	4.27%	-2.10 bps
10-yr US Treasury yield	4.69%	-0.20 bps
DXY	109.18	+0.08%

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