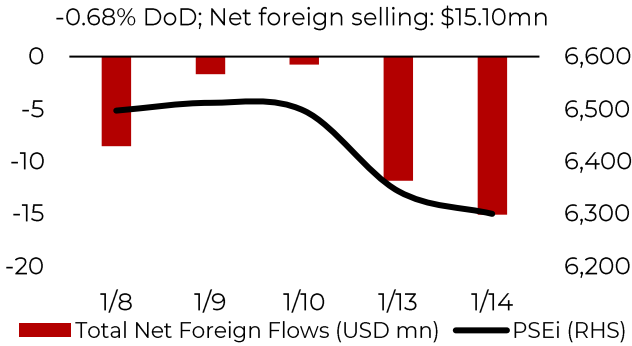


The Morning View

January 15, 2025

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,299.67	-0.68%
3-mo bond yield	5.63%	-5.68 bps
2-yr bond yield	5.94%	-2.53 bps
10-yr bond yield	6.23%	+3.72 bps
USDPHP	58.62	-0.14%
Oil (Brent, \$ / barrel)	79.92	-1.35%

The House of Representatives sidelined bills imposing a national wage hike. The House Labor committee chairman, Juan Fidel Felipe F. Nograls remarked that the committee would focus its efforts on providing oversight on aid for displaced overseas workers.

Semirara Mining and Power Corporation (PSE Ticker: SCC) reported record coal shipments of 16.5 million metric tons (MT) in 2024. This surpassed the previous record of 15.8 million MT in 2023 and was fueled by strong demand from both China and the domestic market.

Local equities dropped as investors turned cautious ahead of the release of the Consumer Price Index (CPI) inflation data in the US. Bloomberg consensus expects US CPI inflation to accelerate to 2.9% YoY in December from 2.7% in November. The PSEi closed at 6,299.67 (-0.68% DoD).

Local fixed income yields ended mixed ahead of key US inflation data releases this week, including CPI and producer price index (PPI). On average, yields fell by 1.17 bps, with the 2Y closing at 5.94% (-2.53 bps) and the 10Y closing at 6.23% (+3.72 bps).

The **Philippine peso** slightly strengthened following the news that Trump's economic team is considering a slower increase in tariffs. The USD/PHP pair closed at 58.62 (-0.14% DoD).

US budget deficit widened by \$86.7 billion in December. This brought the October-December deficit to balloon to \$710.9 billion, up by 39% YoY. The deficit was attributed to both a growth in outlays and a decline in revenues.

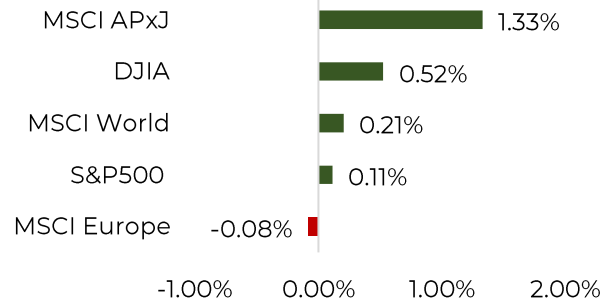
US producer price index (PPI) inflation increased to 3.3% YoY in December (November: 3.0%), below the consensus forecast of 3.5%. This suggested that inflation may not be reaccelerating as feared. The smaller-than-anticipated rise can be attributed to stable services prices, which helped offset higher costs for goods.

US equities inched higher amid gains in the utilities, financials, and materials sectors. Investors also cheered the slower-than-expected US PPI inflation print for December. The S&P 500 closed at 5,842.91 (+0.11% DoD) and the DJIA closed at 42,518.28 (+0.52% DoD).

US Treasury yields rose following the softer-than-expected PPI and ahead of the release of the CPI inflation data. Investors also digested the recent slew of strong labor market data and news of a widening US budget deficit. On average, yields rose by 1.51 bps, with the 2Y closing at 4.37% (-1.40 bps) and the 10Y closing at 4.79% (+3.30 bps).

The **US dollar** weakened after the PPI inflation data came in softer-than-expected. The DXY closed at 109.27 (-0.62% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,842.91	+0.11%
DJIA	42,518.28	+0.52%
3-mo US Treasury yield	4.32%	-0.70 bps
2-yr US Treasury yield	4.37%	-1.40 bps
10-yr US Treasury yield	4.79%	+3.30 bps
DXY	109.27	-0.62%

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