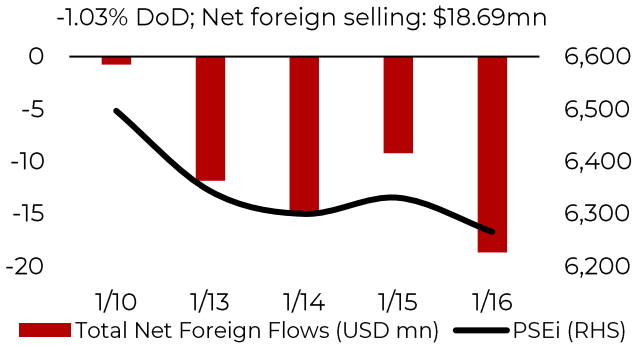


The Morning View

January 17, 2025

Philippine Stock Exchange Index



| | Level | DoD |
|--------------------------|----------|-----------|
| PSEi | 6,265.52 | -1.03% |
| 3-mo bond yield | 5.54% | -6.31 bps |
| 2-yr bond yield | 5.95% | +0.99 bps |
| 10-yr bond yield | 6.33% | +3.57 bps |
| USDPHP | 58.61 | +0.06% |
| Oil (Brent, \$ / barrel) | 81.29 | -0.90% |

The Department of Agriculture said it will likely declare a food security emergency amid sticky elevated rice prices. Agriculture Secretary Francisco P. Tiu Laurel, Jr. shared that he expects the release of buffer rice stocks from the National Food Authority by the first week of February, pending the recommendation from the National Price Coordinating Council.

DMCI Holdings, Inc.'s (PSE Ticker: DMC) DMCI Power Corp. reported record-high energy sales of 491.2 gigawatt-hours (GWh) in 2024, up by 9% YoY. The growth was boosted by robust demand, supported by the full-year operation of the 15-megawatt Palawan Thermal Power Plant.

Local equities traded higher for most of the session but ended sharply lower due to heavy foreign selling near the market close. The PSEi closed at 6,265.52 (-1.03% DoD).

Local fixed income yields ended mixed but fell on average as investors digested the slower-than-expected US core consumer price index (CPI) inflation of 3.2% YoY in December. On average, yields fell by 0.40 bps, with the 2Y closing at 5.95% (+0.99 bps) and the 10Y closing at 6.33% (+3.57 bps).

The **Philippine peso** closed flattish ahead of the release of US labor and retail sales reports overnight. The USD/PHP pair closed at 58.61 (+0.06% DoD).

US initial jobless claims rose by 14,000 to 217,000 for the week ended January 11 (Jan 4 Revised: 203,000). This was higher than the market's expectation of 210,000 as post-holiday layoffs were delayed. Meanwhile, continuing claims declined to 1.859 million for the week ended January 4 (Dec 28 Revised: 1.877 million).

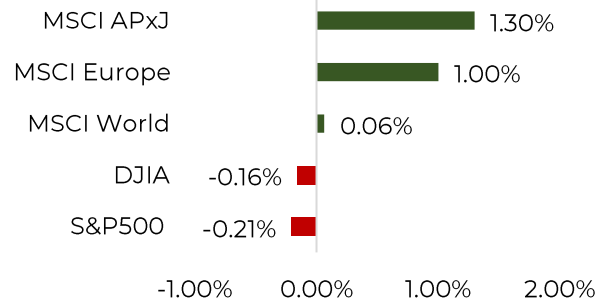
Federal Reserve Governor Christopher Waller said that a rate cut could begin as early as March if the disinflationary trend continues. He added that three or four 25-bp rate cuts are possible this year if inflation gets closer to the 2% inflation target faster than expected.

US equities declined, snapping from a three-day gain, amid mixed earnings reports from Morgan Stanley, UnitedHealth Group, and other big companies. The S&P 500 closed at 5,937.34 (-0.21% DoD) and the DJIA closed at 43,153.13 (-0.16% DoD).

US Treasury yields fell following comments by Fed Governor Waller that further rate cuts this year are still possible. Additionally, investors continued to digest the slower-than-expected US core CPI inflation data. On average, yields fell by 2.64 bps, with the 2Y closing at 4.23% (-3.60 bps) and the 10Y closing at 4.62% (-4.00 bps).

The **US dollar** weakened due to dovish comments by Fed Governor Waller. The DXY closed at 108.96 (-0.12% DoD).

Global Stock Indices



| | Level | DoD |
|-------------------------|-----------|-----------|
| S&P 500 | 5,937.34 | -0.21% |
| DJIA | 43,153.13 | -0.16% |
| 3-mo US Treasury yield | 4.31% | -0.30 bps |
| 2-yr US Treasury yield | 4.23% | -3.60 bps |
| 10-yr US Treasury yield | 4.62% | -4.00 bps |
| DXY | 108.96 | -0.12% |

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