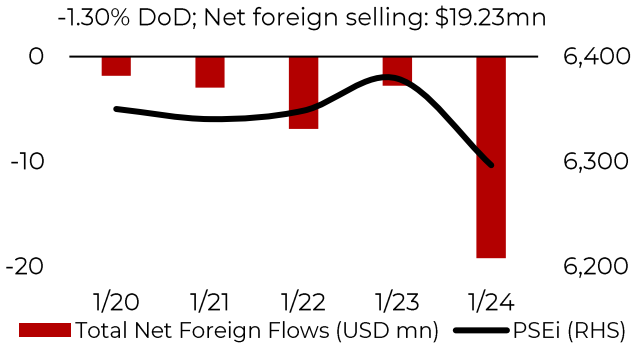


The Morning View

January 27, 2025

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,296.20	-1.30%
3-mo bond yield	5.31%	-0.57 bps
2-yr bond yield	5.89%	-0.49 bps
10-yr bond yield	6.25%	-4.54 bps
USDPHP	58.31	-0.65%
Oil (Brent, \$ / barrel)	78.50	+0.27%

The Philippines' trade deficit widened by 3.06% YoY to \$54.2 billion in 2024, the highest trade gap in two years. Exports dipped by 0.55% YoY to \$73.21 billion, while imports rose 0.97% YoY to \$127.43 billion.

AREIT Inc. (PSE Ticker: AREIT) and China Banking Corp. (PSE Ticker: CBC) will be added to the Philippine Stock Exchange index (PSEi) effective February 3, 2025. As a result of the annual index review, they will replace Nickel Asia Corp. and Wilcon Depot, Inc., which have been moved to the PSE MidCap index.

Local equities fell as investors remained cautious over potential US protectionist policies and the possibility of Philippine economic growth failing to reach the government's target of 6-6.5% in 2024. The PSEi closed at 6,296.20 (-1.30% DoD).

Local fixed income yields fell and the **Philippine peso** strengthened following US President Trump's remarks that he would demand interest rates to go down and suggested a softer stance on tariffs against China.

On average, local fixed income yields fell by 1.85 bps, with the 2Y closing at 5.89% (-0.49 bps) and the 10Y closing at 6.25% (-4.54 bps).

The USD/PHP pair closed at 58.31 (-0.65% DoD).

The S&P Global Flash US Composite Purchasing Managers' Index (PMI) fell to 52.4 in January (Dec.: 55.4), marking a nine-month low. The manufacturing PMI expanded for the first time in seven months to 50.1 (Dec.: 49.4). However, this was offset by the drop in the services PMI to 52.8 (Dec.: 56.8), which was weighed down by rising costs, labor shortages, and policy uncertainty.

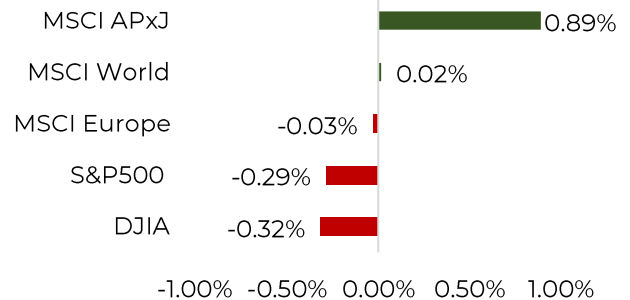
Bank of Japan (BOJ) raised the short-term policy rate by 25 bps to 0.50%, in line with market expectations. This was the highest level in 17 years. BOJ Governor Kazuo Ueda stated that the BOJ will keep raising interest rates as wage and price increases broaden.

US equities dipped amid investors' profit-taking after the S&P500 and DJIA recently hit new record highs. Investors also continued to weigh the start of 4Q24 earnings season. The S&P 500 closed at 6,101.24 (-0.29% DoD) and the DJIA closed at 44,424.25 (-0.32% DoD).

US Treasury yields declined as investors assessed Trump's comments that he wants to demand interest rates to drop immediately. On average, yields fell by 1.73 bps, with the 2Y closing at 4.27% (-2.30 bps) and the 10Y closing at 4.62% (-2.30 bps).

The **US dollar** weakened amid growing hopes that Trump's tariffs may not be as large as previously feared. The DXY closed at 107.44 (-0.56% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,101.24	-0.29%
DJIA	44,424.25	-0.32%
3-mo US Treasury yield	4.32%	-0.70 bps
2-yr US Treasury yield	4.27%	-2.30 bps
10-yr US Treasury yield	4.62%	-2.30 bps
DXY	107.44	-0.56%