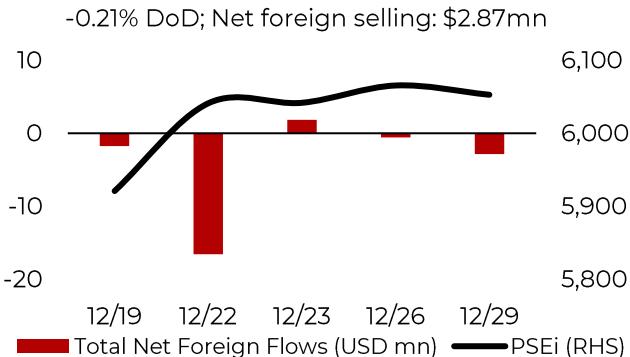




The Morning View

January 2, 2026

Philippine Stock Exchange Index



The National Government's gross borrowings surged by 74.55% YoY to Php113.53 billion in November. Domestic debt grew by 59.57% YoY to Php78.00 billion, while external debt jumped 119.81% YoY to Php35.53 billion. This brought the 11M25 gross borrowings to Php2.6 trillion, accounting for 99.85% of the revised Php2.6-trillion financing program for 2025.

ACEN Corporation (PSE Ticker: ACEN) announced that it has successfully transitioned its entire generation portfolio to renewable energy. In 2025, ACEN completed a diversified renewable energy portfolio that includes 4,634 megawatts (MW) of solar, 1,957 MW of wind, 115 MW of geothermal, and 304 MW of battery energy storage.

Local equities inched down, and the **Philippine peso** slightly weakened amid light pre-holiday trading activity and uncertainty surrounding the delayed signing of the 2026 national budget. Meanwhile, **local fixed income yields** rose as investors weighed the surge in the National Government's gross borrowings in November 2025.

The PSEi closed at 6,052.92 (-0.21% DoD).

On average, yields rose by 1.57 bps, with the 2Y closing at 5.37% (+2.19 bps) and the 10Y closing at 6.07% (+1.83 bps).

The USD/PHP pair closed at 58.79 (+0.14% DoD).

*As of December 29, 2025

The Federal Reserve's December meeting minutes showed deep divisions among officials as policymakers debated over the need to support the labor market over concerns on inflation.

Most participants indicated that further rate cuts would likely be appropriate to help stabilize the labor market. However, some officials expressed concern that the progress towards the Fed's 2% inflation target has stalled.

US initial weekly jobless claims unexpectedly fell by 16,000 to a seasonally adjusted 199,000 for the period ending December 27, 2025 (Consensus: 218,000), a typically volatile period due to the holiday season. This was the lowest reading since the week of November 29 when claims briefly fell to 192,000.

US equities fell amid investors' profit taking ahead of the New Year holiday. Meanwhile, **US Treasury yields** rose, and the **US dollar** slightly strengthened as traders weighed the stronger-than-expected US weekly initial jobless claims as well the cautious tone of the Fed's December meeting minutes.

The S&P 500 closed at 6,845.50 (-0.74% DoD), while the DJIA ended at 48,063.29 (-0.63% DoD).

On average, yields rose by 3.94 bps, with the 2Y closing at 3.48% (+2.70 bps) and the 10Y closing at 4.17% (+4.70 bps).

The DXY closed at 98.32 (+0.09% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,845.50	-0.74%
DJIA	48,063.29	-0.63%
3-mo US Treasury yield	3.64%	+7.10 bps
2-yr US Treasury yield	3.48%	+2.70 bps
5-yr US Treasury yield	3.73%	+4.90 bps
10-yr US Treasury yield	4.17%	+4.70 bps
DXY	98.32	+0.09%

As of December 31, 2025

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