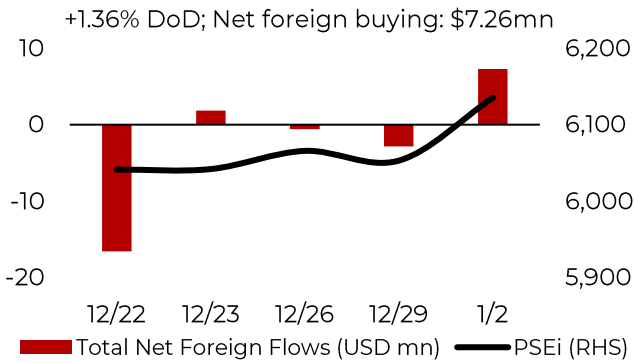


The Morning View

January 5, 2026

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,135.06	+1.36%
3-mo bond yield	4.85%	+0.51 bps
2-yr bond yield	5.35%	-1.88 bps
5-yr bond yield	5.80%	+0.85 bps
10-yr bond yield	6.05%	-2.05 bps
USDPHP	58.84	+0.09%
Oil (Brent, \$ / barrel)	60.75	-0.16%

A BusinessWorld poll showed that Philippine headline inflation may have eased to 1.4% YoY in December (Nov: 1.5%). This was driven by the continued drop in rice prices and cheaper electricity costs. If realized, this would bring the FY2025 inflation average to 1.6%, below the Bangko Sentral ng Pilipinas' 2-4% target.

Globe Telecom, Inc. (PSE Ticker: GLO) announced the completion of its Joint Venture with Singapore-based technology services firm NCS Pte. Ltd. (NCS). Under the agreement, Globe will retain its 49% ownership and NCS will hold a 51% stake in Yondu Inc., an information technology service provider incorporated in the Philippines.

Local equities rose, local fixed income yields declined, and the Philippine peso slightly weakened ahead of the December local inflation data release. The BSP estimates December inflation to settle within the 1.2% to 2.0% range. Moreover, the stronger S&P PH Manufacturing Purchasing Managers' Index (PMI) of 50.2 in December (November: 47.4), which signaled improved conditions in the sector, also lifted investors' sentiment.

The PSEi closed at 6,135.06 (+1.36% DoD).

On average, yields fell by 0.26 bps, with the 2Y closing at 5.35% (-1.88 bps) and the 10Y closing at 6.05% (-2.05 bps).

The USD/PHP pair closed at 58.84 (+0.09% DoD).

The US launched a "large-scale strike" against Venezuela last Saturday, with President Nicolás Maduro and his wife being captured. US President Trump signaled a plan to "run" the country via a transitional council, targeting the revitalization of Venezuela's oil infrastructure with American firms to recoup military costs.

Philadelphia Fed President Anna Paulson stated that further rate cuts may be appropriate later in the year. She expects to "see inflation moderating, the labor market stabilizing, and growth coming in around two percent this year". Paulson also views the current interest rate level to be "still a little restrictive" and working to lower inflation pressures.

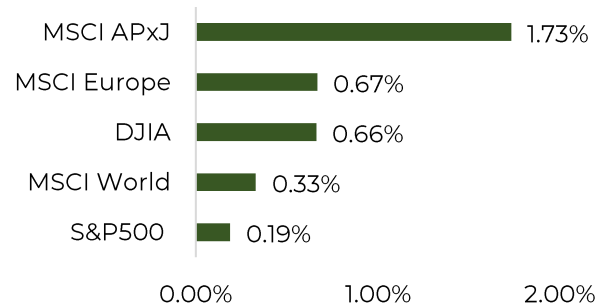
US equities inched higher after a rally in chip stocks such as Nvidia and Micron. However, gains were tempered by tech stocks outside chips, including Salesforce, CrowdStrike, Palantir Technologies, and Microsoft. The S&P 500 closed at 6,858.47 (+0.19% DoD), while the DJIA ended at 48,382.39 (+0.66% DoD).

US Treasury yields ended mixed, and the **US dollar** strengthened as investors continued to assess the monetary policy path following the divided sentiment in the Fed's December meeting minutes. The weaker Euro and Japanese yen also lifted the greenback.

On average, yields rose by 0.80 bps, with the 2Y closing at 3.48% (-0.20 bps) and the 10Y closing at 4.19% (+2.20 bps).

The DXY closed at 98.42 (+0.10% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,858.47	+0.19%
DJIA	48,382.39	+0.66%
3-mo US Treasury yield	3.62%	-1.60 bps
2-yr US Treasury yield	3.48%	-0.20 bps
5-yr US Treasury yield	3.74%	+1.70 bps
10-yr US Treasury yield	4.19%	+2.20 bps
DXY	98.42	+0.10%

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