Philippine Stock Exchange Index

+0.48% DoD; Net foreign buying: $5.60mn

Total Net Foreign Flows (USD mn) — PSEi (RHS)
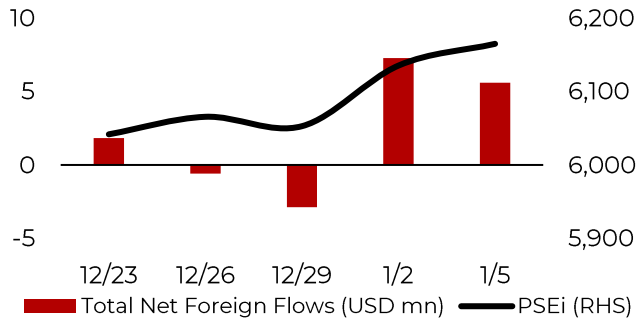
	Level	DoD
PSEi	6,164.53	+0.48%
3-mo bond yield	4.84%	-1.60 bps
2-yr bond yield	5.35%	-0.17 bps
5-yr bond yield	5.79%	-0.90 bps
10-yr bond yield	6.06%	+0.66 bps
USDPHP	59.13	+0.49%
Oil (Brent, $ / barrel)	61.76	+1.66%

The Development Budget Coordination Committee (DBCC) downgraded its Philippine gross domestic product (GDP) growth targets to 5%-6% for 2026 and 5.5%-6.5% for 2027. These were lower than the earlier 6-7% growth goal for 2026 to 2028. The trimmed targets were attributed to the continued impact of the flood control scandal, which affected government spending and consumer confidence.
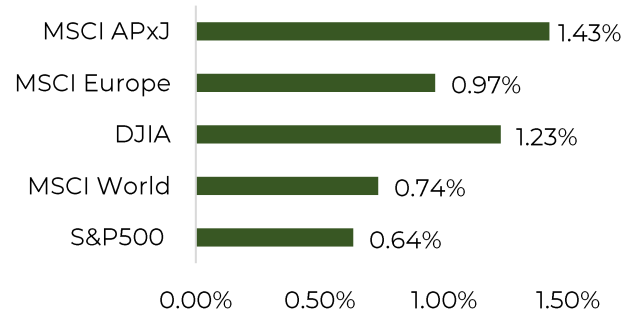
Manila Electric Company (PSE Ticker: MER) announced its plans to launch a nuclear Small Modular Reactor Adoption Study in partnership with the United States Trade and Development Agency. The request for proposal is slated for release this month, with the study expected to commence in 1Q26 and to conclude by 4Q26.

Local equities inched up amid continued bargain hunting and ahead of the local inflation data release for December. The PSEi closed at 6,164.53 (+0.48% DoD).

Local fixed income yields inched lower as investors digested the PH government's downwardly revised economic growth forecasts for 2026 and 2027. On average, yields fell by 0.70 bps, with the 2Y closing at 5.35% (-0.17 bps) and the 10Y closing at 6.06% (+0.66 bps).

The **Philippine peso** weakened after global oil prices rose amid the uncertainty over Venezuela's oil flow changes. The USD/PHP pair closed at 59.13 (+0.49% DoD)

US ISM Manufacturing PMI slipped to a 14-month low of 47.9 in December (November: 48.2). The reading stayed below 50.0 for the 10th straight month, indicating the continued contraction of manufacturing activity. The downturn was driven by weakness in new orders and rising input costs, with Trump's import tariffs adding further pressure on factory activity.

Minneapolis Fed President Neel Kashkari said that the Fed is "pretty close to neutral rate right now." Kashkari added that more data is needed to assess whether the stubborn inflation or the slowing labor market is a bigger force. While he noted that inflation risk from the tariffs may be persistent, he also said that the unemployment rate may jump higher.

US equities rose, despite the US' attack on Venezuela, as energy stocks gained amid expectations that US oil companies could benefit from rebuilding oil infrastructure in Venezuela. The S&P 500 closed at 6,902.05 (+0.64% DoD), while the DJIA ended at 48,977.18 (+1.23% DoD).

US Treasury yields declined amid stronger safe-haven demand after the US-led airstrikes in Venezuela and the capture of President Maduro. On average, yields fell by 1.86 bps, with the 2Y closing at 3.45% (-2.20 bps) and the 10Y closing at 4.16% (-3.00 bps).

The **US dollar** weakened as traders positioned ahead of the ADP private payrolls and nonfarm payrolls data releases this week. The DXY closed at 98.27 (-0.16% DoD).

Global Stock Indices

	MSCI APxJ	1.43%
	MSCI Europe	0.97%
	DJIA	1.23%
	MSCI World	0.74%
	S&P500	0.64%

	Level	DoD
S&P 500	6,902.05	+0.64%
DJIA	48,977.18	+1.23%
3-mo US Treasury yield	3.60%	-2.10 bps
2-yr US Treasury yield	3.45%	-2.20 bps
5-yr US Treasury yield	3.71%	-3.80 bps
10-yr US Treasury yield	4.16%	-3.00 bps
DXY	98.27	-0.16%