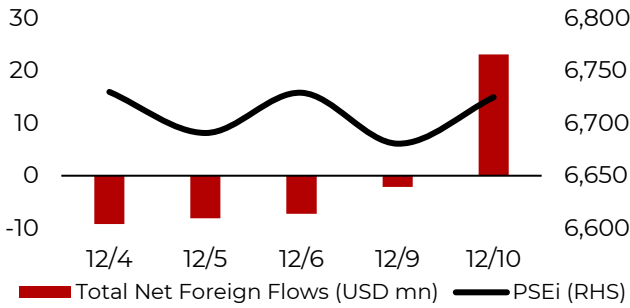


The Morning View

December 11, 2024

Philippine Stock Exchange Index

+0.66% DoD; Net foreign buying: \$23.13mn



	Level	DoD
PSEi	6,724.82	+0.66%
3-mo bond yield	5.78%	+3.69 bps
2-yr bond yield	5.92%	+0.13 bps
10-yr bond yield	5.97%	+2.08 bps
USDPHP	58.01	0.00%
Oil (Brent, \$ / barrel)	72.19	+0.07%

The Philippine trade deficit surged to a two-year high of \$5.8 billion (+36.8% YoY) in October, according to preliminary data from the Philippine Statistics Authority. The increase was due to weak global demand for exports and a rise in imports ahead of the holiday season.

Manila Electric Co. (PSE Ticker: MER) raised its overall electricity rates by Php0.1048 per kilowatt-hour (kWh) to Php11.9617/kWh in December. This was driven by higher generation charges due to tighter supply conditions in the Luzon grid and the weakening of the peso.

Local equities rebounded amid bargain hunting and net foreign buying. The Chinese government's announcement to ramp up policy support to spur growth in China's economy also lifted market sentiment. The PSEi closed at 6,724.82 (+0.66% DoD).

Local fixed income yields rose ahead of the US November consumer price index (CPI) inflation data print. This was also amid the reissuance of 10-year treasury bonds, marking the last bond auction of the year. On average, yields rose by 1.44 bps, with the 2Y closing at 5.92% (+0.13 bps) and the 10Y closing at 5.97% (+2.08 bps).

The **Philippine peso** was unchanged as the market remained cautious before the November US CPI data release. The USD/PHP pair closed at 58.01 (0.00% DoD).

Reuters poll found that 90% of economists polled expect the Federal Reserve to cut its policy rate by 25 bps in December.

Meanwhile, 59% predict the Fed will hold rates in January, awaiting clarity on actual policies implemented versus perceived risks under a Trump administration.

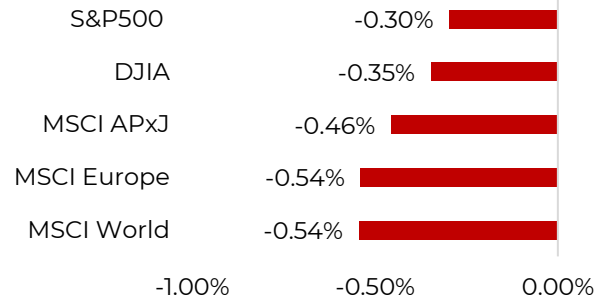
US 3Q24 unit labor costs was revised lower to +0.8% QoQ from +1.9%, falling below market's expectations of 1.5%. Meanwhile, nonfarm productivity was unrevised at +2.2% in 3Q24 (2Q24: 2.2%). This was in-line with consensus expectations and indicate easing inflationary pressures in the labor market.

US equities fell as investors stayed on the sidelines ahead of the US November CPI inflation report this week, which may influence the US Fed's policy decision. The S&P 500 closed at 6,034.91 (-0.30% DoD) and the DJIA closed at 44,247.83 (-0.35% DoD).

US Treasury yields rose as investors looked ahead to the US November CPI inflation print which is expected to accelerate to 2.7%, according to Bloomberg consensus. On average, yields rose by 1.42 bps, with the 2Y closing at 4.15% (+2.00 bps) and the 10Y closing at 4.23% (+2.50 bps).

The **US dollar** strengthened on the back of the improving US small business sentiment in November and ahead of the release of US CPI inflation data. The DXY closed at 106.40 (+0.24% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,034.91	-0.30%
DJIA	44,247.83	-0.35%
3-mo US Treasury yield	4.40%	-1.00 bps
2-yr US Treasury yield	4.15%	+2.00 bps
10-yr US Treasury yield	4.23%	+2.50 bps
DXY	106.40	+0.24%

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