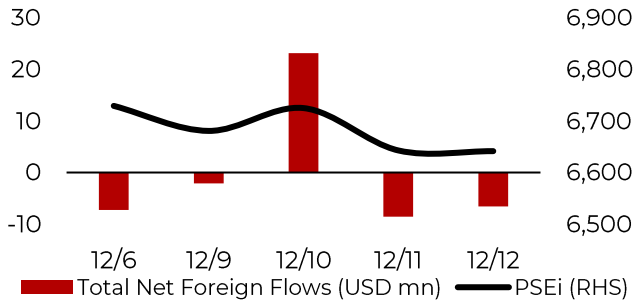


The Morning View

December 13, 2024

Philippine Stock Exchange Index

-0.02% DoD; Net foreign selling: \$6.55mn



	Level	DoD
PSEi	6,641.35	-0.02%
3-mo bond yield	5.83%	-0.15 bps
2-yr bond yield	5.92%	+0.23 bps
10-yr bond yield	5.94%	-0.75 bps
USDPHP	58.24	-0.07%
Oil (Brent, \$ / barrel)	73.41	-0.15%

The Development Budget Coordination Committee (DBCC) said that the Philippine midterm elections can drag government spending, due to a scheduled mandatory ban on new expenditures. The DBCC urged the timely passage of the 2025 national budget and early procurement activities before the spending ban to sustain growth.

Jollibee Foods Corp. (PSE Ticker: JFC) opened its 200th store in Vietnam and looks to expand into Australia. JFC noted that it is committed to reaching the 300-store mark in Vietnam as soon as possible. Meanwhile, JFC looks to open its first Australian store within the next two years.

Local equities inched down as investors digested the November inflation print in the US. This was also ahead of the Fed and BSP policy meetings. The PSEi closed at 6,641.35 (-0.02%DoD).

Local fixed income yields ended mixed as US headline inflation came in line with expectations. Investors also remained cautious ahead of the release of US producer price index (PPI) inflation for November. On average, yields fell by 0.55 bps, with the 2Y closing at 5.92% (+0.23 bps) and the 10Y closing at 5.94% (-0.75 bps).

The **Philippine peso** strengthened amid increased bets of another rate Fed rate cut in December. The USD/PHP pair closed at 58.24 (-0.07% DoD).

US PPI rose by 3.0% YoY in November (Oct. Revised: 2.6%), higher than the market's expectation of 2.6%. This was primarily driven by a surge in the cost of eggs amid an avian flu outbreak. However, costs of services, including portfolio management fees and airline fares, showed easing.

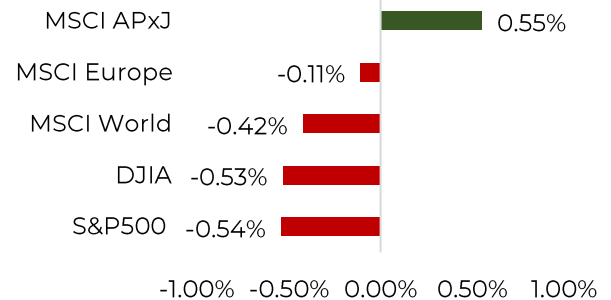
The European Central Bank (ECB) reduced policy interest rates by 25 bps for the fourth time this year. ECB President Lagarde raised concerns over the uncertainty on economic growth but said that the disinflation process remains well on track.

US equities declined amid cautious sentiment ahead of the Fed's policy meeting and following the uptick in US PPI for November. The S&P 500 closed at 6,051.25 (-0.54% DoD) and the DJIA closed at 43,914.12 (-0.53% DoD).

US Treasury yields rose after the higher-than-expected November PPI inflation print, which could influence the Fed's next policy decision. On average, yields rose by 2.87 bps, with the 2Y closing at 4.20% (+4.00 bps) and the 10Y closing at 4.33% (+5.70 bps).

The **US dollar** strengthened following the higher-than-expected US PPI inflation data, supporting bets of a more gradual pace of Fed rate cuts ahead. The DXY closed at 106.96 (+0.23% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,051.25	-0.54%
DJIA	43,914.12	-0.53%
3-mo US Treasury yield	4.34%	-3.20 bps
2-yr US Treasury yield	4.20%	+4.00 bps
10-yr US Treasury yield	4.33%	+5.70 bps
DXY	106.96	+0.23%