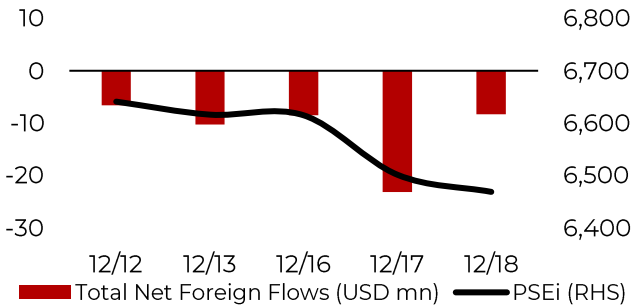


The Morning View

December 19, 2024

Philippine Stock Exchange Index

-0.50% DoD; Net foreign selling: \$8.26mn



	Level	DoD
PSEi	6,469.08	-0.50%
3-mo bond yield	5.85%	-2.54 bps
2-yr bond yield	5.92%	-0.14 bps
10-yr bond yield	5.94%	-0.15 bps
USDPHP	58.99	+0.20%
Oil (Brent, \$ / barrel)	73.39	+0.27%

Finance Secretary Ralph Recto says that the Bangko Sentral ng Pilipinas (BSP) could cut rates by 75 bps in 2025. He also noted that there is a “great possibility” that the BSP would cut its policy rate by 25 bps at its final policy meeting for the year.

Ayala Corporation (PSE Ticker: AC) has secured a €50-million (~Php3.1 billion) loan from European lender ING. The proceeds from the loan will be used to scale up AC’s healthcare arm, AC Health, to enable it to provide Filipinos access to quality and affordable healthcare.

Local equities dropped as investors stayed on the sidelines ahead of the policy rate decisions of the US Fed and the BSP. The PSEi closed at 6,469.08 (-0.50% DoD).

Local fixed income yields declined as the markets digested Finance Secretary Recto’s remarks that the BSP could cut by 25 bps in its December policy meeting. On average, yields fell by 1.67 bps, with the 2Y closing at 5.92% (-0.14 bps) and the 10Y closing at 5.94% (-0.15 bps).

The **Philippine peso** weakened amid expectations that the Fed will adopt a more cautious stance. This was ahead of the Fed’s policy decision overnight. The USD/PHP pair closed at 58.99 (+0.20% DoD).

The US Federal Reserve cut its benchmark rate by 25 bps to 4.25-4.50%, meeting expectations. Fed policymakers also reduced their 2025 rate cut projections to two 25-bp cuts from four in September. Inflation for 2025 was also revised higher to 2.5% from 2.1%, reflecting the potential impact of Trump’s proposed policies.

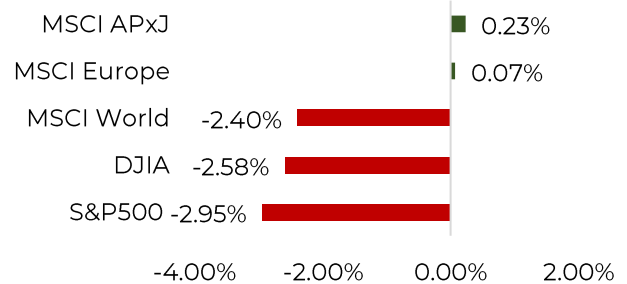
US single-family housing starts rebounded by 6.4% MoM to 1.01 million units in November (October: 950,000 units) as the impact of recent hurricanes faded. However, concerns over Trump’s proposed immigration and tariff policies may add further pressure to the housing market.

US equities tumbled as the US Fed’s tempered rate cut outlook for 2025 dampened investors’ sentiment. The S&P 500 closed at 5,872.16 (-2.95% DoD) and the DJIA closed at 42,326.87 (-2.58% DoD).

US Treasury yields rose after the US Fed signaled a slower pace of policy rate cuts, with projections of only two 25 bp cuts in 2025. On average, yields rose by 8.39 bps, with the 2Y closing at 4.36% (+11.20 bps) and the 10Y closing at 4.52% (+11.70 bps).

The **US dollar** strengthened to a two-year high after the US Fed signaled a slower pace of rate cuts in 2025. The DXY closed at 108.03 (+1.00% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,872.16	-2.95%
DJIA	42,326.87	-2.58%
3-mo US Treasury yield	4.35%	+1.50 bps
2-yr US Treasury yield	4.36%	+11.20 bps
10-yr US Treasury yield	4.52%	+11.70 bps
DXY	108.03	+1.00%

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