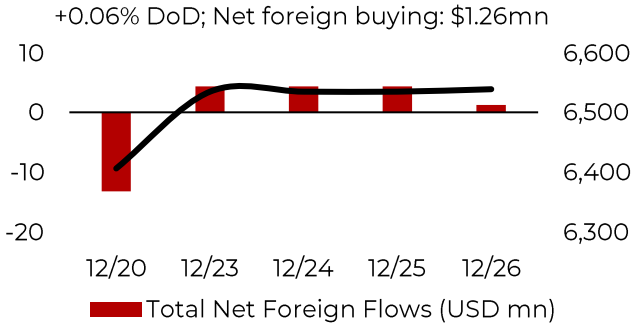


# The Morning View

December 27, 2024

## Philippine Stock Exchange Index



**The National Government's budget deficit widened to Php213 billion in November, a reversal from the Php6.3-billion surplus in October.** This was driven by a 0.61% YoY drop in revenues amid a sharp decline in nontax collections and a 27.13% YoY surge in expenditures due to increased road and defense infrastructure projects, social programs, and local government units' allotments.

**SM Investments Corporation (PSE Ticker: SM) President and Chief Executive Officer Frederic DyBuncio said that moderating inflation could boost consumer confidence in 2025.** He added that this could create opportunities in consumer-focused sectors in the country, which SM is poised to cater to.

	Level	DoD
PSEi	6,539.02	+0.06%
3-mo bond yield	5.91%	-3.49 bps
2-yr bond yield	6.03%	+2.15 bps
10-yr bond yield	6.12%	+1.16 bps
USDPHP	57.97	-0.82%
Oil (Brent, \$ / barrel)	73.26	-0.43%

**Local equities** inched up amid last-minute bargain hunting. The strengthening of the peso and expectations of a rate cut from the Bangko Sentral ng Pilipinas in early 2025 also lifted the market sentiment. The PSEi closed at 6,539.02 (+0.06% DoD).

**Local fixed income yields** rose as investors digested the national government's Php629-billion domestic borrowing plan for the first quarter of 2025. On average, yields rose by 1.53 bps, with the 2Y closing at 6.03% (+2.15 bps) and the 10Y closing at 6.12% (+1.16 bps).

The **Philippine peso** strengthened on the back of the seasonal inflow of remittances amid the holiday season. The USD/PHP pair closed at 57.97 (-0.82% DoD).

**US weekly jobless claims fell by 1,000 to a seasonally adjusted 219,000 for the week ending December 21, the lowest in a month and below market expectations of 223,000.** Despite this decline, continuing claims rose to 1.910 million, the highest since November 2021. This reflected longer unemployment duration.

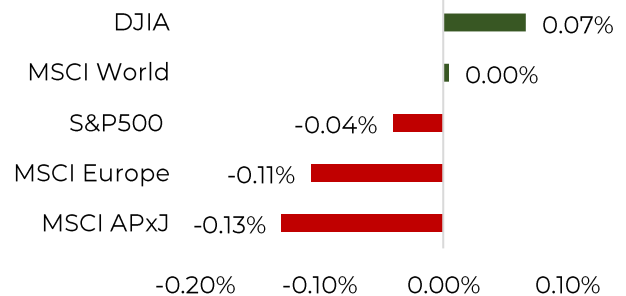
**Tokyo core consumer price index (CPI) inflation accelerated to 2.4% YoY in December (November: +2.2%; Consensus: 2.5%)** due to broadening price pressures after the government temporarily phased out utility subsidies. The faster CPI inflation, being closely watched by the Bank of Japan, keeps the possibility open for a rate hike.

**US equities** ended mixed amid muted trading after the Christmas holiday. Investors also weighed the lower-than-expected US weekly jobless claims data. The S&P 500 closed at 6,037.59 (-0.04% DoD) and the DJIA closed at 43,325.8 (+0.07% DoD).

**US Treasury yields** declined amid strong demand from a fresh 7-year notes auction. On average, yields fell by 0.40 bps, with the 2Y closing at 4.33% (-0.70 bps) and the 10Y closing at 4.59% (-0.60 bps).

The **US dollar** weakened as investors digested the increase in US weekly continuing unemployment claims and thin holiday trading. The DXY closed at 108.13 (-0.12% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	6,037.59	-0.04%
DJIA	43,325.80	+0.07%
3-mo US Treasury yield	4.34%	+0.90 bps
2-yr US Treasury yield	4.33%	-0.70 bps
10-yr US Treasury yield	4.59%	-0.60 bps
DXY	108.13	-0.12%

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