



## WEEKLY REVIEW

(07/17/23 – 07/21/23)

### The Week That Was

- Global asset prices remained resilient despite mixed macroeconomic data as investors already priced in a 25bp hike in the Fed policy meeting this week.
  - US June Retail Sales came in at +0.2% MoM, lower than market estimate of +0.5%. This supports the view on "slowing" inflation.
  - US Weekly jobless claims came in at 228,000, better than 240,000 consensus and 237,000 the week prior. The strength in jobs data provides room for the Fed to hike its policy rate.
- Corporate earnings season kicked off in the US and in the Philippines, supporting equity prices:
  - US banks Morgan Stanley and Bank of America posted stronger than expected 2nd quarter earnings while tech-related companies Netflix and Tesla came in lower than market estimate.
  - Locally, BPI reported 1H23 net income growth of 22.8% YoY, above market estimates on the back of loans growth and margin expansion. This led to optimism causing foreign investors to support PSEi with USD18m net inflow for the week.

### Week on Week:

- S&P 500 rose by 0.69% to 4,536.34
- The PSEi rose by 0.34% to 6,647.56
- 10-Yr US Treasury rate closed higher at 3.839% from 3.8342%
- 10-Yr PHP benchmark yield closed lower at 6.2822% from 6.3036%
- The peso closed weaker versus the dollar at 54.76 from 54.40 the week prior

### What to Expect This Week

- Market players look toward inflation releases from major economies like the UK, Eurozone, and Canada; and 25bps rate hike from FOMC meeting. Expectations of lower inflation and rate hike have been priced in.
- Locally, interests for the 7-year bond auction will be a catalyst for peso yield direction for the week. Indications are currently at 6.25-6.50%.
- Early this week, we may see some market volatility emanating from the first State of the Nation Address (SONA) of President Marcos. For the remainder of the week and next, stock prices will continue to be influenced by result of 2nd quarter earnings releases.