



## WEEKLY REVIEW

(07/31/23 – 08/04/230)

### **The Week That Was**

- Global asset prices declined on the odd combination of Fitch's downgrade of the US' credit rating and stronger than expected labor data. The downgrade increased credit spreads while labor market resilience signalled more Fed hawkishness.
  - Fitch Ratings downgraded its US debt rating from the highest AAA rating to AA+
  - US unemployment rate in July fell to 3.5% from 3.6% of previous month.
  - Average hourly earnings rose by 4.4% YoY, better than market estimate of 4.2%.
- Local asset prices succumbed to the global sell-off despite better-than-expected inflation.
  - PH CPI rose by 4.7% in July vs 4.9% market estimate

### **WoW changes:**

- S&P 500 declined by 2.27% to 4,478.03
- The PSEi declined by 2.63% to 6,450.84
- The 10-Yr US Treasury yield closed higher at 4.04% from 3.95%.
- The 10-Yr PHP benchmark yield closed higher at 6.56% from 6.36%.
- The PHP closed weaker versus the USD at 55.74 from 54.91.

### **What to Expect This Week**

- US CPI data out on Aug 10. A print of 3.0% YoY or lower supports disinflation story and could cheer up markets.
- PH GDP expected to come in at 6% YoY.
- Local equities expected to have a soft bounce from bargain hunters following steep sell-down last Aug 4.
- BSP Board meets on Monetary Policy on Aug 17. There is no indication if BSP will follow the latest Fed hike given cooling PH inflation.