



## WEEKLY REVIEW

(08/07/23 – 08/11/23)

### The Week That Was

- US asset prices fell as July producers price index (PPI) surprised on the upside and Moody's downgraded small banks.
  - July PPI print was at 0.3% month-on-month, 0.8% year-on-year versus market consensus of 0.2% and 0.7%, respectively. Hotter than expected inflation means the US Fed stays on a restrictive stance- rates stay high for longer
  - Moody's downgraded credit ratings of small banks due to funding risks. The rising cost of deposits that fund previously contracted low-rate loans triggered fears of bank failures similar to that of Silicon Valley Bank.
- Local equity markets fell after a disappointing GDP report and adverse news affecting top PCOMP heavyweights
  - 2Q23 GDP came in at 4.3%, much lower than expectation of 6.0%.
  - SM and SMPH which both account for 23.47% of the PCOMP fell on news that the government suspended 3 ongoing reclamation projects in Manila Bay. One project covering 390-hectares for reclamation belongs to SM Prime Holdings.

### WoW changes:

- S&P 500 declined by 0.31% to 4,464.05.
- The PSEi declined by 0.70% to 6,405.91.
- 10-Yr US Treasury yield closed higher at 4.15% from 4.03%.
- 10-Yr PHP benchmark yield closed flat at 6.56%.
- PHP depreciated to 56.315 from 55.74 vs. the USD

### What to Expect This Week

- Data heavy week in the US with Retail Sales, Housing Starts, Initial Jobless Claims, and Industrial Production, out. First three data points are closely watched to gauge if consumer demand is slowing enough to tame inflation.
- BSP expected to maintain policy rates at 6.25% on August 17.
- PH equity market activity to thin further as Ghost Month starts on August 16 .