



What Happened
(09/04/23- 09/08/23)

US stock and bond prices fell as stronger than expected economic data and surging fuel prices stoked inflation fears anew.

- August ISM Services Index reached a 6-month high at 54.5, higher than market's 52.5 estimate.
- Brent Futures climbed above USD90 per barrel after Saudi Arabia and Russia extended supply cuts until year end.

The local bond market followed US Treasury performance but PCOMP staged a dead cat bounce.*

WoW changes:

- S&P 500 declined by 1.29% to 4,457.49
- The PSEi rose by 0.68% to 6,222.94
- The 10-year US Treasury yield closed higher at 4.27% from 4.17%.
- The 10-year PHP benchmark yield closed higher at 6.49% from 6.38%
- PHP depreciated slightly versus the USD at 56.63 from 56.595.

What to Expect

Data heavy next week with US' macro data releases. Good news remains bad news for the markets as continued economic strength feed inflation fears.

- Sept 13 - August Headline Inflation. Market expects +3.6% YoY
- Sept 14 - August Retail Sales and August Headline PPI. Market expects +0.1% MoM and +1.3% YoY, respectively
- Sept 15 - September Empire Manufacturing. Market expects -10

***Investment 101**

A dead cat bounce is a temporary, short-lived recovery of asset prices from a prolonged decline or a bear market that is followed by the continuation of the downtrend. Frequently, downtrends are interrupted by brief periods of recovery—or small rallies—during which prices temporarily rise.

The name "dead cat bounce" is based on the notion that even a dead cat will bounce if it falls far enough and fast enough.

Source: Investopedia