



## WEEKLY REVIEW

(09/18/23 – 09/22/23)

### What Happened Last Week

- Global markets declined as Fed meeting affirmed higher for longer interest rates amid sticky inflation .
  - The FOMC kept US Policy rates between 5.25% to 5.50%. The Fed noted possible rate hike within the year and less policy cuts in 2024.
  - Jobless claims came in at 201k, lower than market expectation of 225k, putting pressure on inflation.
- Same story on the home front. BSP held policy rate at 6.25% but announced a higher probability of a rate hike in November amid inflation.
  - Average inflation forecasts for 2023 and 2024 were raised anew to 5.8% (from 5.6%) and to 3.5% (from 3.3%), respectively. Recent upticks in food and global crude oil price kept PH inflation hot.
- The PSEi bucked the trend as investor bargain-hunted after the market's recent decline.

### **WoW changes:**

- 10-Yr US Treasury yield closed higher at 4.43% from 4.33%
- 10-Yr PHP benchmark yield closed slightly higher at 6.46% from 6.44%
- PHP appreciated versus the USD at 56.795 from 56.815
- S&P 500 declined by 2.93% to 4,320.06
- The PSEi rose by 0.27% to 6,142.79

### What to Expect This Week

- Housing data, consumer sentiment, PCE Deflator will be closely monitored to gauge if another US rate hike is bound to occur within the year.
- Eyes on August PH bank lending data which will gauge if economy is accelerating. July figures showed a slight recovery of 8.3%, albeit lower than YE2022 of 13.3%.
- PH equity market is expected to be volatile for most of this week on PCOMP rebalancing. Bloomberg and Century Pacific will replace Aboitiz Power and Metro Pacific in the Index.
- Expect profit-taking in local government bonds ahead of quarter-end window dressing.