

WEEKLY REVIEW

(11/06/23 – 11/10/23)

What Happened Last Week

- Global asset prices rose initially on weaker-than-expected US economic data. This sparked investor speculation that US growth is slowing and that interest rates have peaked. However, the rally in US assets was subsequently tempered by hawkish Fed statements and an expected uptick in US Treasury bond supply.
 - Weekly jobless claims reached 217,000 vs 218,000 estimate
 - Wholesale inventories climbed to 0.2% MoM as of end-September but lower 1.2% y/y
 - The University of Michigan US consumer sentiment index dropped to 60.4, lower than 63.7 estimate and October's 63.8
 - Fed Chair Jerome Powell reiterated the Fed won't hesitate to raise rates further if needed in order to curb inflation.
 - Over the weekend, Moody's cut US credit outlook from "stable" to "negative".
- Local asset prices rose on better-than-expected 3Q GDP and lower than expected October inflation.
 - Philippine GDP grew by 5.9% in the third quarter, faster than the 4.3% expansion in the second quarter.
 - Headline inflation drops to 4.9% in October from 6.1% in the previous month and also lower than the Bangko Sentral ng Pilipinas (BSP's) forecast of 5.1-5.9%
- Asset prices WoW changes:
 - S&P 500 rose by 1.31% to 4,415.24
 - The PSEi increased by 2.88% to 6,161.89
 - The 10-year US Treasury yield closed higher at 4.65% from 4.57%.
 - The 10-year PHP benchmark yield closed lower at 6.74% from 6.99%.
 - PHP appreciated versus the USD at 55.96 from 56.10.

What to Expect This Week

- We expect asset prices to take cues from the release of US October inflation and consumer data early this week.
 - US CPI y/y (exp. 3.3%)
 - Retail Sales m/m (exp. -0.3%)
- The market expects the BSP to hold policy rates when the Monetary Board meets on Thursday, expect local rates to remain sideways.
- Market eyes on the final batch of Q3 earnings from conglomerates. Positive earnings surprise could boost PSEi in the near-term.