



## **WEEKLY REVIEW (10/23/23 – 10/27/23)**

### What Happened

- US equity markets fell on increased tension in the Middle East, poor profits from large tech stocks and increased tightening bias from the Federal Reserve as economy remained resilient. Meanwhile, US bond yields fell on safe haven demand.
  - Google and Meta, declined by 3.86% and 9.90% w/w, respectively, on bad 3Q earnings and poor 2024 guidance.
  - 3Q GDP came out above expectations at jumped 4.9% q/q annualized (consensus 4.5%), the strongest quarterly growth figure since the end of 2021.
  - US Manufacturing PMI data coming in at 50 vs estimated 49.5, Services PMI 50.9 vs estimated 49.9 and University of Michigan sentiment at 63.8 vs. estimated 63.0.
- The local markets also declined for the week after BSP delivered an off-cycle policy rate hike and kept its option for another hike on the table amid increasing inflation risks.
  - BSP raised its policy rates 25bps to 6.50%.
  - 2024 inflation was raised to 4.7% from 4.3% previously, well above their 2 to 4% target range.

### Last week

- S&P 500 declined by 2.53% to 4,117.37
- The PSEi declined by 2.95% to 5,961.99
- The 10-year US Treasury yield closed lower at 4.84% from 4.92%.
- The 10-year PHP benchmark yield closed higher at 6.93% from 6.62%.
- PHP depreciated versus the USD at 56.96 from 56.84.

### What to Expect?

- US Employment, and ISM Manufacturing and Services data are set for release this week. A positive surprise in the numbers strengthens the case for further tightening from Fed.
- Federal Reserve and Bank of England to meet for their policy rate decision on November 2.
- We expect a reprieve from the recent uptick in yields after US Treasury reduced its quarterly borrowing estimates.
- Local market will likely trade sideways on a shortened trading week.