

WEEKLY REVIEW (04/08/24 – 04/12/24)

What Happened Last Week

- US bond and equity prices fell sharply as elevated inflation and strong employment dimmed early rate cut hopes. Escalating tensions in the Middle East exacerbated the stock market rout. S&P 500 posted its biggest weekly loss since October 2023.
 - US CPI rose 3.5% March from 3.2% in February, hotter than the 3.4% consensus estimates.
 - March US Non-farm Payrolls printed at 303,000 versus expectations of 214,000.
 - The US Fed's first policy rate cut is now expected in September instead of July.
- Philippine assets mimicked US market corrections.
 - The BSP kept policy rates at 6.50% but raised its 2024 risk-adjusted inflation forecast from 3.9% to 4%. March inflation rose to 3.7% from 3.4% in February.
 - The Philippine Property Index saw heavy losses of 3.7% WoW led by Ayala Land which fell 9%.
- Asset prices WoW
 - The 10-year US Treasury yield rose to 4.52% from 4.40%.
 - S&P 500 shed 1.6% to 5,123.41.
 - The 10-year PHP benchmark yield jumped 6.68% from 6.33%.
 - The PSEi dropped 1.3% to 6,659.39.
 - PHP slightly depreciated versus the USD at 56.53 from 56.50.

What to Expect This Week

- Investors will tune in on US consumption and housing data releases which are expected to temper in March. Upside surprises could further roil markets. Month-on-Month consensus estimates are as follows:
 - March US Retail Sales at +0.4%
 - March US Housing Starts at -2.6%
 - March US Building Permits at -0.9%
 - March US Existing Home Sales at -4.1%
- Investors will also monitor 1Q24 US corporate earnings releases to be kicked-off by big banks and financial services.