

WEEKLY REVIEW (01/08/24 – 01/12/24)

What Happened Last Week

- Global bonds gained on lower-than-expected US inflation and a cut in oil prices, while US equities bounced from prior week's sell-off, driven by tech companies.
 - US PPI numbers were lower-than-expected as it fell 0.1% for a 3rd straight month, while core PPI was unchanged.
 - A substantial cut in official oil pricing to Asia by OPEC+ leader Saudi Arabia has reinforced hopes of a faster drop in US inflation expectations.
 - Nvidia captured market spotlight as it announced new products to help the personal computer industry lure consumers to AI-powered PCs.
- On the local front, bond yields rose on fresh bond supply in the market. Equity prices were flat as investors took a breather from start of the year rally.
- Asset prices WoW changes:
 - The 10-year US Treasury yield closed lower at 3.94% from 4.05%.
 - The 10-year PHP benchmark yield closed higher at 6.24% from 6.12%.
 - PHP depreciated versus the USD at 55.91 from 55.57.
 - S&P 500 rose by 1.84% to 4,783.83.
 - The PSEi was rose marginally by 0.20% to 6,643.18.

What to Expect This Week

- US consumer sentiment and spending data will preoccupy investor's focus this coming week. Stronger-than-expected print could indicate a slide on the attainment of the Fed's 2% inflation target and delay the anticipated rate cuts Investors expects December inflation to print 3.2%, higher versus November's 3.1%.
 - Market expects December Retail Sales to print 0.4% MoM, higher than previous month's 0.3%.
 - University of Michigan Sentiment Survey is expected to land at 70, higher than previous month's 60.70.
- Locally, bond markets will also take cue on lower UST yields over the weekend but remain cautious on bond supply issuances this week. Equity markets could succumb to profit-taking after testing 6700.