

WEEKLY REVIEW (10/14/24 – 10/18/24)

What Happened Last Week

- US bonds remained steady on safe haven demand triggered by Middle east tensions. However, US equities reached new highs on positive earnings results.
 - Released 3Q earnings of Netflix at +5.69%, Goldman Sachs Group at +2.36% and Morgan Stanley at +9.60% were above analysts' expectations.
- PH bonds declined despite the policy rate cut on adjusted inflation expectations. Local equities likewise gained on positive earnings growth.
 - BSP reduced the policy rate by 0.25% to 6% as widely expected.
 - BSP increased its risk-adjusted inflation forecasts from 2.9% to 3.3% in 2025 and from 3.3% to 3.7% in 2026.
 - BPI posted 29% earnings growth in 3Q.
- Asset prices Wow
 - The 10-year US Treasury yields declined by 2 basis points to 4.08%.
 - The 10-year PHP benchmark yield slightly rose from 5.73% to 5.74%.
 - PHP depreciated from 57.205 to 57.511 against USD.
 - S&P 500 rose by 0.85% to 5,864.67.
 - The PSEi rose by 1.44% to 7,415.73.

What to Expect This Week

- Key US economic data, earnings results and Federal Reserve Beige Book for release this week.
 - September Existing Home Sales expected to improve to 0.5% month-on-month (m/m) from -2.5% previously.
 - October S&P Global US Manufacturing PMI expected to improve to 47.5 from 47.3 last month.
 - October S&P Global US Services PMI expected to slow to 55 from 55.2 in September.
 - Latest Federal Reserve Beige Book to provide a snapshot of the current state of the US economy.
 - Results of 3Q earnings from top US companies, including several tech giants
- Locally, the release of the 3Q Robinsons Retail earnings could foreshadow the results of other consumer-related companies.