



## WEEKLY REVIEW

(06/13/23 – 06/16/23)

### What Happened

- The AI-driven tech sector led the US equity rally and extended to other markets amid resilient US macroeconomic data. On the other hand, US bond yields rose as investors priced in more hikes by the Fed this year.
  - May Retail Sales came in resilient at +0.3% MoM, stronger than the -0.2% consensus estimate.
  - Headline US CPI registered at +0.4% MoM and Core US CPI registered at +0.4% MoM in May, matching consensus expectations.
  - The Fed kept rates steady at 5.25%, but implied Fed Funds target rate increased to 5.6% from 5.125% previously, signifying 1-2 more hikes before the end of the year given elevated inflation.
- Week on week:
  - The S&P 500 rose by 2.58% to close at 4,409.59.
  - The 10-Yr US Treasury rate closed higher at 3.76% from 3.74%.
  - The 10-Yr PHP benchmark yield closed higher at 6.08% from 5.91%.
  - The PHP closed stronger versus the USD at 55.86 from 56.05.
- The PSEi bucked the trend and closed at 6,508.34, flat vs 6,507.15 the previous week.

### What to Expect

- We don't expect investors to take on risk with the upcoming BSP interest rate decision this week. The BSP is widely expected to keep its policy rate steady. We expect the PSEi to continue trading sideways with bias to weakness and the local bond market to remain defensive.
- The US data calendar is busy in the coming week led by releases on the state of the US housing market: housing starts, building permits, mortgage applications and home sales. The market will also be watching the jobless claims data release, looking to see if previous high levels are sustained. Fed speak will also be anticipated, including Fed Chair Powell's appearance in the House Financial Services panel on Wednesday.