



## WEEKLY REVIEW

(06/26/23 – 06/30/23)

### What Happened

- Bond yields traded higher on positive economic surprises from the US, strengthening the view that the Fed will hike at its July meeting. Signs of easing inflation capped the sell-off in bonds and fueled the rally in equity markets.
  - US economic data on durable goods orders, new home sales, and revised 1Q GDP all comfortably beat expectations. In addition, initial jobless claims dropped to 239k (against a consensus of 265k).
  - The Fed's preferred measure of inflation cooled to its lowest level in 2 years. Both personal consumption expenditures (PCE) and core PCE printed in line with consensus expectations at 3.8% and 4.6%, respectively.
- The PSEi also rose as consumer companies were relieved by the statement made by the DoF Secretary that goods commonly consumed by the lower income households will not be subjected to junk food tax.
- Week on week:
  - The S&P 500 rose by 2.35% to 4,450.38
  - The PSEi rose by 1.17% to 6,468.07
  - The 10-Yr US Treasury yield closed higher at 3.84% from 3.74%.
  - The 10-Yr PHP benchmark yield closed higher at 6.30% from 6.18%.
  - The PHP closed stronger versus the USD at 55.20 from 55.77.

### What to Expect

- Looking ahead, investors will seek signals on economic growth and the tightness of the labor market on the release of US PMI and jobs data this week.
- Local investors will also take cue from the June PH inflation data and guidance from the new BSP governor for market direction. Local bond yields are expected to stay elevated unless inflation falls further than expected and the BSP reiterates a pause in policy rate setting.