



## WEEKLY REVIEW

(04/17/23 – 04/21/23)

### What Happened

- Global banking woes took a backseat on better-than-expected manufacturing and services numbers. The resilient data strengthens the case for a Fed rate hike in May, sending US Treasury yields to rise and dampen sentiment for equities despite strong US banking earnings.
  - S&P Global US Manufacturing PMI for April was at 50.4 vs 49.0 consensus while the Services index moved up to 53.7 from 52.6
  - The 10-Yr US Treasury rate rose to 3.57% from 3.51% last week
  - The S&P 500 declined by 0.10% to 4,133.52.
- The peso continues to weaken against the US dollar on rising local inflation risks on higher oil prices and threats of El Nino. Recent BSP statements of a possible pause in policy amid Fed's firm hawkish policy stance is contributing to the unattractiveness of the peso.
  - PHP closed weaker versus the USD at 55.89, reached a high of 56.40, from 55.21 last week.
- Local asset prices ended the week higher as the local equity market bucked the trend on impressive 1Q23 earnings for the banking sector.
  - The PSEi rose by 0.59% to 6,520.44
  - The 10-Yr PHP benchmark yield marginally lower at 6.17% from 6.19%

### What to Expect?

- With the lack of local data releases this week, markets will focus on a heavy data calendar in the US--- US Personal Consumption Expenditures, Personal Consumption/ Spending, New Home Sales and the first release of 1Q23 GDP in US and EU. These economic data will weigh in on the Fed's decision on 4 May.
- Investors will remain cautious ahead of the Fed meeting.