



WEEKLY REVIEW

(06/19/23 – 06/23/23)

What Happened

- Global markets ended lower over the anxiety that central banks will have to further raise interest rates to tame inflation.
 - In his speeches to the US Congress and Senate, Fed Chair Powell reiterated Fed's hawkish stance of higher rates in the future but to move policy at a gradual pace. He also said that he does not see rate cuts happening any time soon.
 - The Bank of England raised its policy rate by 50bps to 5.0% against expectations of a 25bps hike.
- On top of global interest rate concerns, local equities recorded another week-on-week decline following the Department of Finance's proposal to add more taxes on junk food and sugar-sweetened beverages.
- Week on week:
 - The S&P 500 declined by 1.39% to close at 4,348.33.
 - The PSEi declined by 1.76% to close at 6,393.55.
 - The 10-Yr PHP benchmark yield closed higher at 6.18% from 6.08%.
 - The PHP closed weaker versus the USD at 55.77 from 55.74.
- Weak PMI data drove global yields including US Treasury yields lower at the close of the week.
 - German composite PMIs fell to 50.8 in June from 53.9 in May while France composite PMI sunk to 47.3 from 51.2 in May, both well below expectations.
 - US composite PMI also declined but not to the extent of Europe's weakness with 53.0 vs. 54.3 prior and 53.5 expected.
 - The 10-Yr US Treasury yield bucked the trend and closed lower at 3.73% from 3.76% last week.

What to Expect

- Investors will focus on key US macroeconomic updates that include new home sales, durable goods, consumer confidence, and personal consumption expenditures (PCE).
- Caution may also be seen in global markets following geopolitical tensions from the failed mutiny in Russia.

What Happened



- Global markets ended lower over the anxiety that central banks will have to further raise interest rates to tame inflation. In his Congress speech, Federal Reserve Chair Jerome Powell reiterated the Fed's hawkish stance of two more hikes before the end of 2023.
- On top of global interest rate concerns, local equities recorded another week-on-week decline following the Department of Finance's proposal to add more taxes on junk food and sugar-sweetened beverages.
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 - The PHP closed weaker versus the USD at 55.77 from 55.74.
- The 10-Yr US Treasury yield bucked the trend and closed lower at 3.73% vs 3.76%. Economic data from Germany and France ignited fears of a downturn in Europe, causing investors to flock into US Treasuries.

What to Expect

- Investors will focus on key US macroeconomic updates that include new home sales, durable goods, consumer confidence, and personal consumption expenditures (PCE).
- Caution may also be seen in global markets following geopolitical tensions from the failed mutiny in Russia.