



WEEKLY REVIEW

(05/22/23 – 05/26/23)

What Happened

- US equities recovered early losses as top leaders moved closer to reaching a US debt ceiling agreement. On the other hand, bond prices traded lower as the likelihood of a June Fed hike grew as the Fed's preferred inflation measure printed above target.
 - The headline Personal Consumption Expenditure (PCE) deflator advanced by 0.4% M/m in April, after a 0.1% uptick in March. Meanwhile, core PCE services excluding housing – a measure often cited by Chair Powell as the one component where the Fed would like to see inflation cooling- advanced by 0.4% M/m in April after a 0.3% gain in March.
- Week on week:
 - The 10-Yr US Treasury rate closed higher at 3.80% from 3.68%.
 - The 10-Yr PHP benchmark yield closed higher at 5.94% from 5.79%.
 - PHP closed weaker versus the USD at 55.79 from 55.67.
 - The S&P 500 rose by 0.32% to 4,205.45.
 - The PSEi declined by 2.02% to 6,530.20 as local equities were sold-off in anticipation of MSCI rebalancing by end-May.

What to Expect

- The PSEi could trade higher early in the week as investors celebrate the US debt ceiling deal. However, we expect gains to be capped/reversed by the foreign outflows from MSCI rebalancing.
- Local bond yields may continue its uptrend as it tracks US treasury yields.
- This week is a holiday-shortened week in the US with Friday's job report to be the main focus.