

WEEKLY REVIEW (01/27/25 – 01/31/25)

What Happened Last Week

- Negative news pushed US equities down but lifted bond prices as investors sought safer assets.
 - Chinese AI rival, DeepSeek, announced a cheaper AI model that could upset revenue streams of US tech firms.
 - US 4Q2024 GDP came in at 2.3%, lower than 2.6% expectations.
 - Trump followed through on his threats to impose broad tariffs to Mexico and Canada effective February 1.
- Similarly, PH equities sank while PH bonds gained.
 - PSEi plummeted below 6,000 on index rebalancing amid thin volumes.
 - 4Q2024 GDP disappointed at 5.2% vs. 5.5% expectations. Consequently, full-year 2024 GDP at 5.5% was below the downgraded estimate of 5.8%.
- Asset prices WoW
 - The 10-year US Treasury yields declined by 8 basis points (bps) to 4.54%.
 - The 10-year PHP benchmark yield fell to 6.23% from 6.25%.
 - PHP depreciated from 58.31 to 58.365 against the USD.
 - S&P 500 declined by 1.0% to 6,040.53.
 - PSEi plunged by 6.9% to 5,862.59.

What to Expect This Week

- Investors will watch out for the following key US data to get an inkling on when rate cuts might resume:
 - Expected January ISM Manufacturing at 49.9, slightly higher than 49.2 in December.
 - Expected December Job Openings and Labor Turnover Survey almost flat at 8m vs. 8.098m in November.
 - Expected January Nonfarm Payrolls at 170,000, lower than 256,000 in December.
 - January Unemployment Rate anticipated to remain at 4.1%.
- PSEi expects a dead cat bounce but overhang will remain as uncertainty over trade tit-for-tat weigh on markets.
- Local bond prices are expected to fall as investors flock to the shelter of money market and safe haven dollar assets.