

## WEEKLY REVIEW (02/10/25 – 02/14/25)

### What Happened Last Week

- US bonds and equities declined early in the week as January inflation print came in hotter than expected. Equities rebounded later, supported by optimism over the delayed implementation of Trump's tariffs, while a contraction in retail sales pushed bonds prices higher.
  - January CPI came in at 3% YoY (vs 2.9% est.), while PPI increased 3.5% YoY (vs 3.3% est.), both exceeding market expectations.
  - Retail sales fell to -0.9% versus -0.2% market consensus.
  - President Trump announced that the imposition of his reciprocal tariff will not happen right away, instead, further studies will have to be conducted, and completion is targeted by April.
- Local bonds and equities declined following the BSP's decision to hold rates steady, coupled with the announcement of MSCI rebalancing pushing equities lower.
  - BSP left policy rate unchanged at 5.75%, against market expectation of 25bps cut.
  - MSCI announced index rebalancing changes where PH is expected to have passive outflows roughly between USD50-60m.
- Asset Prices WoW
  - The 10-year US Treasury yields declined to 4.48% from 4.50%.
  - The 10-year PHP benchmark yield increased to 6.13% from 6.12%.
  - PHP appreciated against USD to 57.83 from 58.01.
  - S&P 500 rose by 1.47% to 6,114.63
  - The PSEi declined by 1.52% to 6,061.33

### What to Expect This Week

- US market is expected to trade sideways on shortened trading week and limited market-moving macro data releases.
- The local equity market will tune-in to earnings releases of listed companies including ALI, AREIT and MBT.
- Local bond yields are expected to move with a downward bias following the move in US rates.