WEEKLY REVIEW (02/24/25 – 02/28/25)

What Happened Last Week

- US bond prices rose on risk-off sentiment and weak economic data, while equites declined after President Trump reaffirmed tariffs on Canada and Mexico starting March 4. The AI-driven rally also showed signs of slowing down, with Nvidia experiencing a sharp drop.
    - Consumer confidence printed lower than expected at 98.3 versus consensus of 102.5.
    - President Trump announced that effective 4-March all goods from Mexico will be slapped with 25% tariffs, while non-energy imports from Canada will have the same level of tariffs.
    - AI chip giant Nvidia reported 4Q24 results that exceeded expectations and provided an outlook that is in line with market forecasts. However, margin guidance appeared weak for the succeeding quarters amid rising cost pressures. Nvidia share price dropped 7.1% week-on-week.
- PH bonds lagged the US yield decline due to profit taking amid a looming supply risk. Equities fell as US tariff concerns overshadowed positive local developments, including a 2% requirement ratio (RRR) cut and the country's exit from the Financial Action Task Force (FATF) grey list.

- Asset prices WoW changes:
    - The 10-year US Treasury yields declined to 4.20% from 4.43%.
    - The 10-year PHP benchmark yield slightly fell to 6.12% from 6.13%.
    - PHP depreciated against USD to 57.995 from 57.940.
    - S&P 500 inched lower by 1.0% to 5,954.50.
    - The PSEi declined by 1.6% to 5,997.97.

What to Expect This Week

- Local equity and bond markets are expected to stay steady, local inflation print to dictate near term price action. Investors will also monitor key US economic data and geopolitical risks for shifts in market sentiment.
    - PH Consumer Price Index (CPI) for February is estimated at 2.6%, slower than previous month's 2.9%.
    - February US Nonfarm Payrolls is expected to increase by 160k from 143k in January.
    - February US ISM manufacturing index forecast of 50.8 from 50.9 in January.
    - Weekly US jobless claims ending 1-March is expected at 235k from 242k previously.