



## **WEEKLY REVIEW**

**(11/13/23 – 11/17/23)**

### **What Happened Last Week**

- Global asset prices ended higher on cooler US economic data led by a slower October inflation. This strengthens the view that the Fed will continue to pause and interest rates may have already peaked.
  - US Headline CPI and Core CPI increased 3.2% and 4.0% y/y, respectively, both lower than consensus;
  - Weekly jobless claims reached 231,000 vs 220,000 estimates;
  - Industrial Production and MoM PPI fell more than consensus at -0.6% & -0.5%, respectively; and
  - US import prices fell- 0.8% in October, faster than the forecast of -0.3% drop.
- Local asset prices gained for a 3<sup>rd</sup> straight week with boost from the BSP's pause in its 16 November meeting. The BSP also lowered its 2024 inflation forecast by 0.3pp to 4.4% and 2025 inflation forecast by 0.1pp to 3.4%, indicating confidence that PH inflation may have also peaked.
- Asset prices WoW changes:
  - The 10-year US Treasury yield closed lower at 4.45% from 4.65%.
  - The 10-year PHP benchmark yield closed lower at 6.55% from 6.74%.
  - S&P 500 rose by 2.32% to 4,514.02.
  - The PSEi increased by 1.57% to 6,211.89.
  - PHP appreciated versus the USD at 55.67 from 55.96.

### **What to Expect This Week**

- Investors will take cues from the release of the FOMC minutes for the Fed's expectations of the US economy and possible next interest rate move.
- Also set to be released are US employment data, October housing, preliminary November sentiment and manufacturing surveys, where most are expected to show tempered numbers.
- Local bond yields are expected to track movements in the global bond market, with buying interest to likely emerge following the rally in US Treasuries over the weekend.
- On the other hand, local equity may seem vulnerable to profit-taking on investor's indifference as evidenced by thin traded values of only PHP3-billion/day. It may also face some early selloffs with the FTSE Rebalancing effective early December.