



(11/20/23 – 11/24/23)

What Happened Last Week

- US bond prices declined as macro data pointed to persistently high inflation expectations. Meanwhile, equity prices rose as investors continued to buy stocks on the fear of missing out. US and Philippine equities have rallied 5.16% and 10.52%, respectively from their October throughs.
 - FOMC minutes showed members agree rates will need to remain restrictive for “some time.”
 - Jobless claims for the week ending November 18 came in at 209k lower than market estimates of 227k.
 - University of Michigan’s survey showed US households expect inflation for the next year will be at 4.5%, higher than market expectations of 4.4%.
- Local bonds bucked the trend as strong investor demand pushed prices higher given the view that the BSP will keep policy rates steady for the rest of the year.
- Asset prices WoW changes:
 - S&P 500 rose by 1% to 4,559.34
 - The PSEi rose by 0.93% to 6,269.50
 - The 10-year US Treasury yield rose w/w to 4.47% from 4.45%
 - The 10-year PHP benchmark yield closed lower at 6.31% from 6.55%.
 - PHP appreciated versus the USD at 55.38 from 55.67.

What to Expect This Week

- Investors are expected to monitor another batch of US data releases this week. Disappointing data should be bond positive.
 - ISM Manufacturing index is expected to be stronger at 47.8 than prior month's 46.7
 - PCE Core Deflator M/m is expected to decline to 0.2% from 0.3%
 - Initial Jobless Claims is expected to print higher at 219k from previous month's 209k
- We expect profit-taking in S&P 500 as the index hit overbought levels while US Treasuries will take cue from investor demand for this week’s hefty bond auctions.
- The Local bond market may see some profit taking as investors await the government's new borrowing schedule for December.
- Locally, news of the Pasay reclamation resumption is expected to boost share prices of SM & SMPH. Both stocks account for 24% of PSEi weight.