

WEEKLY REVIEW (07/29/24 – 08/02/24)

What Happened Last Week

- Bad news was finally bad news for equities. Rates fell sharply and US bond prices rallied on weak economic data, but equity prices dropped. The growth scare raised the possibility of bigger rate cuts this year.
 - US Nonfarm Payrolls gained 122,000 in July, lower than 175,000 expectations and 179,000 in June.
 - ISM Manufacturing Index contracted to 46.8 in July compared to 48.8 estimate and 48.5 in June.
 - Markets gravitated towards a 50-basis point rate cut in September.
- Similarly, local bond prices rose and equity prices declined.
- Asset prices on WoW
 - The 10-year US Treasury yields fell sharply 40 basis points to 3.79%.
 - The 10-year PHP benchmark yield declined from 6.28% to 6.13%.
 - S&P 500 dropped by 2.06% to 5,346.56.
 - The PSEi fell by 1.79% to 6,605.30.
 - PHP appreciated against the USD from 58.35 to 58.08

What to Expect This Week

- Key Philippine data are expected this week.
 - July Consumer Price Index (CPI) to rise to 4.1% from 3.7% in June. This expected increase is seen as temporary and unlikely to derail the anticipated rate cut in August.
 - Expected 2Q Gross Domestic Product (GDP) growth to increase to 6.2% from 5.7% the previous quarter.