

WEEKLY REVIEW (01/29/24 – 02/02/24)

What Happened Last Week

- US bond yields fell to as low as 3.81% intra-week before retracing to 4.02% on Friday. The US Fed kept interest rates unchanged but downplayed March rate cuts during the February 1 FOMC meeting. Strong economic data and corporate earnings also held back the bond rally while boosting the equities market.
 - US Fed maintained policy rates at 5.5%.
 - December Pending Home Sales growth at 8.3% y/y vs. 2.0% consensus.
 - January ISM Manufacturing Index at 49.1 vs. 47.2 consensus.
 - December Non-farm Payrolls at 353,000 vs. 183,000 consensus.
 - Meta, Microsoft and Amazon posted better-than-consensus 4Q23 earnings.
- PH bond yields mimicked US yields movement while local equities cheered the 4Q23 GDP print and initial corporate releases.
 - PH 4Q23 GDP printed solidly at 5.6% y/y beating the 5.2% consensus. This brings FY23 GDP to 5.6% y/y, though below 2022's 7.6% and government's 6%-7% target.
 - Initial FY23/4Q23 earnings report from Robinsons Retail and BPI came in better-than-consensus.
- Asset prices WoW changes:
 - The 10-year US Treasury yield closed lower at 4.02% from 4.14%.
 - The 10-year PHP benchmark yield closed lower at 6.14% from 6.19%.
 - PHP appreciated versus the US\$ at 55.92 from 56.29.
 - S&P 500 rose by 1.4% to 4,958.61.
 - The PSEi inched up by 0.3% to 6,707.25.

What to Expect This Week

- Global equity investors will track the next batches of US earnings.
- On the local front, investors expect a lower PH January CPI at 3.1% y/y from 3.9% in December 2023. Nevertheless, investors will remain cautious as El Nino and transport/wage hikes can still drive inflation higher.