

WEEKLY REVIEW (02/19/24 – 02/23/24)

What Happened Last Week

- US equities continued its winning streak on strong economic data and earnings reports. Despite strong data, US yields fell. FOMC minutes indicated that rates have peaked although rate cuts are still data-dependent.
 - S&P500 rallied to a new record high with Nvidia's blowout 4Q23 earnings. Its 4Q23 sales and gross margin of USD22 billion and 76.7%, respectively, beat market estimates of USD21 billion and 75.7%.
 - S&P Global US Manufacturing PMI for February came out at 51.5, better than 50.7 market estimates.
 - Jobless Claims for the week ending February 17 came out softer at 201k versus 216k market estimates.
- Locally, PH equities were boosted by strong earnings reports.
 - ALI (+8.6%) led the rally on optimism of this year's launch of PHP115 billion worth of residential projects. High-end segment accounts for 80% of the target launches.
- Asset prices WoW changes:
 - The 10-year US Treasury yield closed lower at 4.25% from 4.28%.
 - The 10-year PHP benchmark yield remain unchanged at 6.26%
 - PHP appreciated versus the USD at 55.90 from 55.96.
 - S&P 500 rose by 1.66% to 5,088.80.
 - The PSEi rose by 0.58% to 6,913.21.

What to Expect This Week

- Investors will tune in to the US GDP and inflation data where higher-than-expected prints would further delay the Fed's monetary policy rate cuts.
 - The market expects the 2nd release of US 4Q23 GDP to be unchanged from the preliminary release at 3.5%.
 - The market is expecting PCE deflator to slow to 2.4% vs. prior period's 2.6%.
- In the local front, we expect equity market to be influenced by 4Q earnings releases of listed companies.
- Local bond investors will gauge market appetite after the new 5Y Retail Treasury Bonds absorbed Php 584.86 Bn of cash from the market. Typically, such large issuance would push yields higher but liquidity from a Php 700 Bn maturity early March could prevent large upticks.