

WEEKLY REVIEW (01/22/24 – 01/26/24)

What Happened Last Week

- Stronger than expected US economic data supported a rally in US Equities. Meanwhile, US bond prices declined as the favourable data pushed back expectations of a March policy cut.
 - 4Q GDP Annualized at 3.3% q/q vs. 2.0% expectations.
 - US December Manufacturing PMI at 50.3 vs. 47 expectations.
 - US December Services PMI at 52.9 vs. 47.6 expectations.
 - PCE December Core Deflator at 2.9% y/y vs. 3.0% expectations
- Locally, PH bond prices rose as investors took advantage of elevated interest rates to buy ahead of large maturities. Local equities were likewise up on net foreign buying.
 - Asset prices WoW changes:
 - The 10-year US Treasury yield closed higher at 4.14% from 4.12%.
 - The 10-year PHP benchmark yield closed lower at 6.19% from 6.22%.
 - PHP depreciated versus the USD at 56.29 from 55.97.
 - S&P 500 rose by 1.06% to 4,890.97.
 - The PSEi rose by 2.81% to 6,686.09.

What to Expect This Week

- Markets brace for a busy week ahead with the Federal Reserve's interest rate decision and jobs data releases. Locally, we have the 4Q GDP and corporate earnings to look forward to.
 - FOMC rate is expected to remain unchanged at 5.50%
 - Change in Nonfarm payroll is forecasted to print at 180k from 216k the previous month.
 - Unemployment rate is forecasted to print at 3.8% from 3.7% the previous month.
 - PH 4Q GDP is forecasted to print at 5.1% q/q from 5.90% q/q previously. Full year 2023 is forecasted to print at 5.6% from 7.6% in 2022.