

**WEEKLY REVIEW (06/24/24 – 06/28/24)****What Happened Last Week**

- US bond and equity markets declined as Trump's victory in the first presidential debate made investors queasy despite lower-than-expected inflation data.
  - Increased probability of a Trump presidency is associated with elevated deficits and tough migration laws that can push inflation and interest rates up.
  - May US Core Personal Consumption Expenditure (PCE) rose 0.1% month-on-month (m/m) as expected, slower than 0.3% in April
  - US Personal Spending in May increased to 0.2% m/m (vs. 0.3% m/m)
- Local bond and equity prices rose. Improving inflation expectations increased the probability of an earlier rate cut. Stocks also benefited from quarter-end window dressing.
  - BSP maintained policy rates at 6.50% as anticipated and reduced FY2024 risk-adjusted inflation forecast from 3.8% to 3.1%.
- Asset prices WoW
  - The 10-year US Treasury yields rose by 14 basis points to 4.40%.
  - The 10-year PHP benchmark yield declined to 6.65% from 6.70%.
  - PHP appreciated against the USD from 58.80 to 58.61.
  - S&P 500 declined by 0.08% to 5,460.48.
  - The PSEi rose by 4.12% to 6,411.91.

**What to Expect This Week**

- US labor data and FOMC minutes are the highlights this week.
  - FOMC minutes to provide context on latest economic and policy rate expectations.
  - May Job Openings and Labor Turnover Survey (JOLTS) Job Openings at 7.8M, lower than last month's 8M.
  - June Change in Nonfarm Payrolls at 190,000 vs. previous month's 272,000.
  - June Unemployment Rate at 4%, unchanged from May
- Locally, inflation data will be released this week.
  - Analysts expect June inflation to print at 3.9%, within BSP's inflation forecast of 3.4% to 4.2%.