

WEEKLY REVIEW (07/15/24 – 07/19/24)

What Happened Last Week

- US bond and equity prices declined as political noise emerged from Biden's candidacy withdrawal and Trump's failed assassination attempt. Stocks also reacted to unfavourable news on US chipmakers.
 - Biden abandoned his re-election bid due to poor campaign performance and growing pressure to step down. The Democrats endorsed Vice President Kamala Harris as their presidential candidate.
 - Big cap technology companies underperformed with US government's intention to tighten export restrictions of chips to China.
- PH asset prices gained as the rate cut narrative continues to improve market sentiment.
- Asset prices WoW
 - The 10-year US Treasury yields rose by 6 basis points to 4.24%.
 - The 10-year PHP benchmark yield was flat at 6.25%.
 - S&P 500 declined by 1.97% to 5,505.
 - The PSEi rose by 2.16% to 6,791.69.
 - PHP appreciated against USD from 58.38 to 58.34.

What to Expect This Week

- US key macro data are set for release this week.
 - Expected 2Q24 GDP at +1.9% quarter-on-quarter (q/q), slightly higher than previous period's +1.4% growth.
 - June Core Personal Consumption Expenditures (PCE) deflator estimated at +2.5% year-on-year (y/y), lower than +2.6% in May.
- Political noise in the US could continue to pose market volatility.
- Locally, the stock market could take a breather as it reaches overbought levels.