

WEEKLY REVIEW (03/11/24 – 03/15/24)

What Happened Last Week

- US rates surged as inflation ran hotter-than-expected. Meanwhile, US equities were little changed as market awaits US Fed policy decision for the upcoming week.
 - February US CPI rose 3.2% y/y vs. 3.1% expectations and 3.1% in January.
 - February US PPI rose 1.6% y/y vs. 1.2% expectations and 1.0% in January.
- PH rates bucked the US trend following a strong take up of the 10-year auction. On the other hand, PH equities recorded its worst weekly performance this year at -1.7% on foreign selling.
 - The PHP30 Billion 10-year auction was issued at 6.227%, near the lower end of the 6.20%- 6.30% indications. The offering was more than three (3) times oversubscribed as investors tried to reinvest significant bond maturities amounting to PHP236 Billion.
 - 15 March FTSE rebalancing outflows reached US\$77 Million, trimming YTD net foreign inflows to US\$196 Million.
- Asset prices WoW changes:
 - The 10-year US Treasury yield closed higher at 4.31% from 4.07%.
 - The 10-year PHP benchmark yield closed lower at 6.22% from 6.25%.
 - S&P 500 dipped by 0.1% to 5,117.09.
 - The PSEi plunged by 1.7% to 6,822.32.
 - PHP appreciated versus the US\$ at 55.53 from 55.57.

What to Expect This Week

- The US economic calendar is packed this week. Real estate-related releases such as the Housing Starts, Building Permits and New Home Sales are expected to show stronger numbers. S&P Global Manufacturing PMI, on the other hand, is expected to soften.
 - Housing Starts is expected to rise in February at 1.43m from 1.331m in January.
 - Building Permits is expected to rise in February at 1.5m from 1.489m in January.
 - New Home sales is expected to rise in February at 675,000 from 661,000 in January.
 - S&P Global Manufacturing PMI is expected to ease at 51.8 in March from 52.2 previously.
- US FOMC meeting is scheduled for March 20 with policy rates expected to be maintained at 5.5%. PH asset prices are seen to consolidate as a result. Moreover, traders will be on the sidelines on account of a shortened trading week for the Lenten's culmination.