

## WEEKLY REVIEW (02/26/24 – 03/01/24)

### What Happened Last Week

- US bond yields dropped on weak economic data renewing hopes that rate cuts will happen sooner than later. Meanwhile US equities moved higher driven by the continued optimism over AI stocks.
  - February ISM Manufacturing PMI surprised to the downside at 47.8 vs. 49.5 consensus.
  - January Personal Spending slowed to +0.2% m/m following a stronger +0.7% print in December.
  - January PCE core deflator came in at +0.4% m/m versus a +0.2% increase in December.
  - Tech-heavy NASDAQ and S&P 500 ended the week at record levels of 16,275 and 5,137, respectively.
- Local bond yields slightly declined tracking US' softness and following a strong bond issuance by the BTR. Meanwhile, local equities ended slightly higher buoyed by net foreign inflows after the quarterly MSCI rebalancing last 29-February.
- Asset prices WoW changes:
  - The 10-year US Treasury yield closed lower at 4.18% from 4.25%.
  - The 10-year PHP benchmark yield closed lower at 6.24% from 6.26%.
  - S&P 500 rose by 1.0% to 5,137.08.
  - The PSEi inched up by 0.1% to 6,919.59.
  - PHP depreciated versus the USD at 56.02 from 55.90

### What to Expect This Week

- Global investors will closely watch Fed Chair Powell's congressional testimony and the release of the US employment report this week.
  - February US Nonfarm Payrolls are expected to decrease to 200k vs. January's 353k.
  - February US Unemployment Rate is expected to remain stable at 3.7% y/y vs. consensus' 3.7%.
- On the local front, investors will be on the lookout for the February PH CPI where market consensus is at 3.1% y/y from 2.8% in January. BSP expects February inflation to be within its 2.8-3.6% target range.