

WEEKLY REVIEW (04/29/24 – 05/03/24)

What Happened Last Week

- US bond yields dropped on weaker-than-consensus employment and productivity data. Possibility of a rate cut within the year back on the table. The more dovish rate view plus earnings beats from AI companies boosted US equity prices.
 - The Fed maintained its policy rate at 5.50% as expected. Fed Chair Powell also ruled out a rate hike next meeting.
 - April ISM Manufacturing at 49.2 vs. 50.0 expectations; from 50.3 in March
 - April Nonfarm Payrolls grew only at 175,000 vs. 240,000 expectations; from 315,000 in March
 - April wage inflation grew 3.9% y/y vs. 4.0% expectations; from 4.1% in March.
 - Apple rose 8.3% on the back of better-than-expected revenue in 1Q24. Tesla jumped +7.7%, following the approval of Tesla's self-driving software in China
- Local asset prices bucked the global trend as investors await the release of April inflation and 1Q24 GDP reports in the coming week.
- Asset prices WoW
 - The 10-year US Treasury yield closed lower at 4.51% from 4.66%.
 - The 10-year PHP benchmark yield closed higher at 6.99% from 6.95%.
 - PHP appreciated versus the USD at 57.345 from 57.71
 - S&P 500 rose by 0.55% to 5,127.79.
 - The PSEi declined by 0.20% to 6,615.55.

What to Expect This Week

- The US economic calendar is quiet this week while PH inflation and GDP reports will take center stage.
 - April inflation is expected to be higher at 4.1% y/y vs. 3.7% last March. A hotter-than-expected print may warrant higher for longer BSP policy rates.
 - 1Q24 GDP is expected to be higher at 5.9% y/y from 5.5% the previous quarter.
- The releases of 1Q24 local corporate earnings will continue with more than 1/3 of PCOMP constituents scheduled to report this week.