

## WEEKLY REVIEW (05/20/24 – 05/24/24)

### What Happened Last Week

- US bond yields rose on strong economic data and US Fed hesitancy over rate cuts. Meanwhile, US equities recovered mid-week losses as Nvidia's strong 1Q earnings boosted market sentiment.
  - Jobless claims ending May 18 came in at 215k, lower than the 220k forecast.
  - May US Manufacturing PMI rose to 50.9 from 50.0 prior month.
  - FOMC minutes showed many officials are still unsure whether policy is restrictive enough to bring inflation down to target.
- Asset prices WoW
  - The 10-year US Treasury yield closed higher at 4.47% from 4.42%
  - The 10-year PHP Treasury yield flattish at 6.62% from 6.61%
  - S&P 500 marginally up by 1.5pts to 5,304.72
  - PSEi eked a 1.2pts gain to 6,619.89
  - PHP depreciated from 57.72 to 58.19 versus the USD

### What to Expect This Week

- The following US data are out next week:
  - US core personal consumption expenditure (PCE) expectations at 0.2% m/m from 0.3% in March
  - US personal income expectations at 0.3% from 0.5% in March
  - US personal spending expectations at 0.3% from 0.8% in March.
  - Chicago purchasing managers index (PMI) expectations at 41.0 from 37.9 in April

In-line or lower than expected core PCE, personal income, or personal spending numbers will support the Goldilocks narrative of moderating inflation. Moreover, in-line or higher than expected Chicago PMI will support the narrative of resilient growth.

- Locally, we expect the PSEi to weaken as the MSCI rebalancing causes an estimated outflow of US\$160 million.