

## WEEKLY REVIEW (09/16/24 – 09/20/24)

### What Happened Last Week

- US equities gained but bond prices fell following the Fed’s 50-basis point (bp) rate cut as stronger-than-expected economic data dampened hopes of more aggressive rate cuts.
  - The Fed reduced the key policy rate to a range of 4.75-5.00% but hinted at being “patient” before they make their next move.
  - August US Retail Sales rose by 0.1%, above market expectations of -0.2%.
  - Industrial Production grew by 0.8% in August, higher than market estimates of 0.2%.
  - Jobless claims for the week ending September 14 came in at 219k, lower than 230k market estimates.
  
- PH bond and equity prices rallied sharply on BSP's announcement of a 250bp reserve requirement ratio (RRR) reduction effective October 25.
  
- Asset prices WoW
  - The 10-year US Treasury yields rose by 9 basis points to 3.74%.
  - The 10-year PHP benchmark yield fell from 6.09% to 5.65%.
  - PHP appreciated from 56.00 to 55.69 against the USD.
  - S&P 500 rose by 1.36% to 5,702.55.
  - The PSEi rose by 3.27% to 7,252.32.

### What to Expect This Week

- Key US macro data set for release this week.
  - The September University of Michigan Consumer Sentiment Index is expected at 69.3, slightly higher than 69 in August.
  - Estimated August Core PCE Price Index to minimally increase to 2.7% year-on-year (y/y) vs. 2.6% y/y in July.
  
- Local equities to grind higher with BSP’s RRR cut announcement. However, profit-taking is expected at the 7,400-7500 market level.
  
- Local bond market will focus on the release of the 4Q2024 borrowing schedule.