



WEEKLY REVIEW

(12/11/23 – 12/15/23)

What Happened Last Week

- Global Asset Prices rallied on Fed's dovish signal during the recently concluded FOMC meeting.
 - As widely expected, the Federal Reserve maintained its policy rates at 5.50%.
 - The median policy (dot plot) projection shows 75bps of easing by end-2024 with a potential first rate cut in March.
- Locally, investors shrugged off BSP's hawkish statements and tracked the direction of global markets
 - The BSP kept its policy rate at 6.25% while reiterating its view that monetary policy needs to stay tight with inflation risks still tilted to the upside.
- Asset prices WoW changes:
 - The 10-year US Treasury yield closed lower at 3.91% from 4.15%.
 - The 10-year PHP benchmark yield closed lower at 6.07% from 6.17%.
 - PHP slightly depreciated versus the USD at 55.655 from 55.30.
 - S&P 500 rose by 2.49% to 4,719.19
 - The PSEi rose by 3.91% to 6,478.44

What to Expect This Week

- This week's US economic releases will mainly consist of housing-related data and core PCE deflator
 - Housing starts/permits, and new/existing home sales are expected to slow
 - November PCE deflator, which is the Fed's primary inflation gauge, is expected to stay flat at 2.3% QoQ
- Following the strong rally last week, we expect markets to correct as investors realize profits and close out positions ahead of the holidays.

Thank you for following our Weekly Roundups, this will be the last for 2023. We will resume weekly publication on the first working day of 2024.

Have a blessed Christmas and a happy New Year!