



**WEEKLY REVIEW  
(12/18/23 – 12/29/23)**

**What Happened Last Week**

- US equity and bond markets gained at the close of the year on increasing expectations for policy rate cuts in 2024 supported by slowing inflation and weak employment data.
  - US PCE Deflator, the Fed's preferred inflation measure, slowed to 3.2% y/y in November from 3.5% in October, beating consensus of 3.3%.
  - US Weekly jobless claims reached 218,000, higher than 210,000 estimate.
  - Bloomberg consensus projects 150 bps of policy rate cuts by end-2024 vs. Fed's median projection of 75 bps.
  
- On the local front, equity prices dropped as investors sold positions to lock in gains before the yearend.
  
- Asset price changes from Dec 15:
  - The 10-year US Treasury yield closed at 3.88% from 3.91%
  - The 10-year PHP benchmark yield closed at 6.0% from 6.07%
  - The PHP appreciated versus the USD at 55.37 from 55.655
  - The S&P 500 closed 1.07% higher at 4,769.83
  - The PSEi closed 0.44% lower at 6,450.04

**What to Expect This Week**

- A slew of key US economic data is set for release this week. Slower than expected prints would support the view of an earlier and more policy rate cuts.
  - December ISM Manufacturing at 47.2 expectation from 46.7 last month
  - JOLTS Job Openings 8.863m expectation from 8.733m
  - December Nonfarm Payrolls 170,000 expectation from 199,000 last month
- Locally, PH December CPI is expected to print at 3.9% y/y from 4.1% y/y previously. The BSP projects it to print within the 3.6%-4.4% range. A print below consensus could spur buying interest in local assets.