

WEEKLY REVIEW (01/15/24 – 01/19/24)

What Happened Last Week

- US bonds ended lower as strong data releases tempered expectations of an early March rate cut. Meanwhile, US equities rose on all-time highs from continued tech fever.
 - December Retail Sales at +0.6% m/m vs. +0.4% expectations.
 - December Industrial Production at +0.1% m/m vs. -0.1% expectations.
 - December Housing Starts at -4.3% m/m vs. -8.7% expectations.
 - December Building Permits at +1.9% m/m vs. 0.7% expectations
 - University of Michigan Sentiment at 78.8 vs. 70.1
 - TSMC, a leading global manufacturer of semiconductor, guided a strong (+20% y/y) revenue growth for year 2024.
- Moving opposite US assets, PH bond prices were higher following the softer-than-expected December inflation. Meanwhile, PH equities were down on net foreign selling of US\$9 million.
- Asset prices WoW changes:
 - The 10-year US Treasury yield closed higher at 4.12% from 3.93%.
 - The 10-year PHP benchmark yield closed lower at 6.22% from 6.24%.
 - PHP depreciated versus the US\$ at 55.97 from 55.91.
 - S&P500 rose by 1.2% to 4,840.
 - PSEi declined by 2.1% to 6,504.

What to Expect This Week

- This week's releases of US GDP and inflation will be crucial. Higher numbers would add to recent strong data which may push back rate cut expectations.
 - US 4Q GDP is forecasted to print at 2% q/q from 4.9% q/q from 3Q.
 - December US PCE Deflator is forecasted to print at 2.6% y/y flat from November.
- PH bonds will be cautiously priced on supply concerns. BTR announced Retail Treasury Bond sale to happen in 1Q24.
- PH equities will take cue from the 2023 GDP report. A print above the 5.5% survey may continue buying momentum.