



WEEKLY REVIEW

(12/04/23 – 12/08/23)

What Happened Last Week

- US equities gained on AI advances and stronger-than-expected labor data. On the other hand, the employment numbers triggered bond price corrections as labor resilience lowers chances of early rate cuts in 2024 .
 - Alphabet Inc.'s (+2.5% WoW) Google released Gemini, the “largest and most-capable AI model” it has ever built.
 - November nonfarm payrolls in came in at 199k, higher than consensus forecast of 185k.
 - Average Hourly Earnings grew 0.4% MoM vs. estimates of 0.3%.
 - Unemployment Rate in November fell to 3.7% from 3.9% in October.

- Local bond yields continued to decline after the Bureau of Treasury (BTr) cancelled remaining auctions for December.

- Local equities sold off on defensiveness ahead of the BSP policy rate setting in the coming week.

- Asset prices WoW changes:
 - The 10-year US Treasury yield closed higher at 4.23% from 4.20%.
 - The 10-year PHP benchmark yield closed lower at 6.17% from 6.23%.
 - PHP appreciated versus the USD at 55.30 from 55.40.
 - S&P 500 rose by 0.21% to 4,604.37
 - The PSEi declined by 0.17% to 6,234.77

What to Expect This Week

- Market activity this week is expected to be light as market braces for the BSP Monetary Board meeting, US CPI, and the Fed FOMC.
 - Both the BSP and Fed are expected to hold rates unchanged.
 - November US CPI is forecasted to print at 3.1% y/y vs. 3.2% y/y in October.