

ADVANTAGE POINT

A WEEKLY PUBLICATION FROM THE FUND MANAGERS AND ANALYSTS OF PHILEQUITY MANAGEMENT, INC.

EQUITY OUTLOOK

Market Outlook: Neutral
Technicals: Support at 6000 followed by 5700, Resistance at 6500 followed by 6700
Trading Strategy: We expect volatility and uncertainty to remain elevated until tariff issues are finally resolved. Still, the Philippines is showing remarkable resilience. Despite bad news, we do not see continuous foreign outflows anymore. In fact, foreign funds are selective buyers. Investors should do the same.

The PSEi continues to meander in the narrow 6300-6500 trading range. We note that while we see bouts of foreign selling, foreign institutions have been skewed to buy since March, with a focus on a handful of index heavyweights and a few midcap names.

Domestically, the EDSA rebuild has been postponed by President Ferdinand Marcos, Jr. in order to give government agencies more time to make a proper plan that will create less inconvenience for the riding public. Originally slated to last 17 months starting this week, people expect monstrous traffic jams during that period.

On the tariff front, after announcing a de-escalation of the US-China trade war 2 weeks ago, the US State Department announced last Wednesday that it will start aggressively revoking visas of Chinese students. In a Truth Social post, US President Donald Trump said that Beijing has "totally violated" the tariff deal. This followed US Treasury Secretary Scott Bessent's earlier statement saying that US-China trade talks have stalled.

Philippine Stock Exchange Index (PSEi) 1-year chart



BOND OUTLOOK

Market Outlook: Neutral
Trading Strategy: Primarily stay on the sidelines with opportunistic bidding as yields move upwards with no firm catalysts. Signals in the US point to the job market staying surprisingly firm, which may lead to the Fed being more hawkish than anticipated. Meanwhile BSP will likely stay dovish with inflation remaining low. Local yields will follow USTs higher, which may present opportunities to scale in. Else, best to stay on sidelines.

With no new leads, yields have trended upwards especially with US data coming out stronger than anticipated. We also will have BSP meeting next week where consensus is that the BSP will cut by 25bp, since inflation remains very low. Upside risk to yields though is USTs rising due to jobs data looking strong which may lead the Fed to hold off on rate cuts. But for now, it looks like the safest bet is to stay on the sidelines but if rates push higher, it may present an opportunity to pick up around the 6.25 level or higher.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of June 05, 2025
1M	5.2747
3M	5.4413
6M	5.6097
1Y	5.6814
3Y	5.7673
5Y	5.9007
10Y	6.2997

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