

VANTAGE POINT

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



EQUITY OUTLOOK

Market Outlook : Cautious
Technicals : Support at 6000 followed by 5700, Resistance at 6500 followed by 6700
Trading Strategy : We expect the market to meander around current levels as we lack catalysts to convincingly break through resistance levels. However, we would be buyers on dips of stocks which may see accelerating earnings growth in the future.

After hitting resistance of 6500, the PSEi is meandering just below it as trading activity was mostly focused on gaming names and a few blue chips. Recent news on tighter regulations and a potential ban on online gaming led to a precipitous drop for the market leader. Trading volume in these stocks remains elevated as they have now bounced off their lows.

US President Donald Trump's July 9 deadline for trade negotiations has passed with no definitive deal being inked with any country. We expected this deadline to be extended and that is exactly what we got. Trump also wrote letters to many countries explaining the specific tariff that will be implemented in August if no deal is signed before then. In the case of the Philippines, it is 20% – the 2nd lowest in ASEAN. Moreover, about 1/3 of our exports will not be taxed as electronic devices and pharmaceutical products are exempted. We note that US equity indices are still trading at all-time highs despite Trump's multiple tariff letters to different countries.

Philippine Stock Exchange Index (PSEi) 1-year chart



On the remittance front, the final version of Trump's One Big Beautiful Bill Act (OBBBA) imposed a mere 1% tax on outbound remittances from non-US citizens. It also includes exemptions from the excise tax, such as if the remittance comes from certain financial institutions. Initially at 3.5% in the House version, this smaller amount should have a negligible effect on consumption.



BOND OUTLOOK

Market Outlook : Neutral
Trading Strategy : Trump rocks markets anew by raising tariffs to the EU and Canada to 35% and a global blanket average tariff of around 20%. Markets are slightly lower on the news but overall most believe this to be a negotiating tactic. USTs nevertheless are also slightly higher and locally we are still waiting for the RTB news, so we would like to remain on the sidelines for now.

With Trump once again making waves in the markets with tariff news, we would like to remain on the sidelines. This week will also be light on data though we get some inflation data in the US which should show if the Fed can finally start cutting rates. Market consensus is still for 2 cuts this year. Locally we still await any word of an impending RTB issuance. We also get the 10y reissue which should show if market is still supportive due to the BSPs dovish stance. For now, we remain on the sidelines as we wait for further developments on the RTB.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of July 11, 2025
1M	5.1182
3M	5.4305
6M	5.6418
1Y	5.6834
3Y	5.8225
5Y	5.9657
10Y	6.2460

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