

VANTAGE POINT

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



EQUITY OUTLOOK

Market Outlook: Neutral

Technicals:

Trading Strategy:

Support at 6000 followed by 5700, Resistance at 6500 followed by 6700

A stable peso should help put a floor on stock prices. However, lackluster earnings means there is little reason for investors to buy heavily. We remain neutral but will be on the watch for sharp price swings to reallocate the portfolio.

The 2Q25 earnings season is in full swing and so far, earnings results have been mediocre, with many index names missing estimates significantly. Notable are the effects of high commodity prices earlier in the year, as well as the tepid recovery of the residential sector. As institutions took stock of these data before making significant moves, the PSEi gained 0.5% on muted volume.

The Philippine peso had a far more exciting week as it swung wildly, eventually appreciating by 1.8% against the US dollar as it settled close to the 57/\$ handle. BSP Governor Eli Remolona Jr. announced a new strategy for managing the FX rate, calling it "forceful intervention." He said, "we now understand there are thresholds: a depreciation of the peso doesn't cause inflation to go up until it's enough of a depreciation." This new strategy put an end to the peso's sharp depreciation as it hit 58.56/\$ on August 1 before strengthening sharply.

On the tariff front, US President Donald Trump raised India's tariffs to 50% despite protests from its foreign ministry. Other trade deal deadlines have been extended as negotiations are taking longer than previously expected.

After the close, the PSE also announced the results of its index rebalancing review as PLUS is set to enter the PSEi in place of BLOOM. Earlier in the day, MSCI also announced the results of its own index review.

Philippine Stock Exchange Index (PSEi) 1-year chart



BOND OUTLOOK

Market Outlook: Neutral

Trading Strategy:

Yields have come down around 10 bp as the new 5Y RTB was priced at 6%, but the order book was quickly filled, and dealers had to scramble to buy other bonds across the curve to cover the old RTB 5-13 maturity. With yields coming down and the 10Y 1072 last done at 5.95%, we think that the market has gotten ahead of itself. We would wait for an uptick or a chance to purchase the new RTB closer to 6% rather than chase here.

Market may have gotten ahead of itself by chasing yields lower as demand for the new 5Y RTB outpaced supply. Order taking is now limited to retail individuals, which had dealers scrambling to cover their institutional orders. With US CPI to come out this week, we should also get a better idea of when the next Fed cut will come, with all signs pointing to September at the earliest. For next week, BSP is scheduled to meet and would also likely cut another 25 bp. For now, we think that adding to positions but waiting for an uptick or correction would be better than chasing at these current levels.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of August 08, 2025
1M	5.2503
3M	5.3704
6M	5.5575
1Y	5.6657
3Y	5.7828
5Y	5.8951
10Y	6.0657

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