

VANTAGE 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: With earnings season practically over, investors may use this quiet period to either reallocate their portfolios or stay on hold until new catalysts emerge. Powell's speech almost guarantees a rate cut in September. The market response to this will be informative.

Due to the lack of catalysts, the PSEi continued its downdraft post-rebalancing on light volume. Statistics indicate that we should expect tepid trading to continue into the ghost month. We note that global markets weakened prior to the Jackson Hole symposium.

On the bright side, crude oil prices weakened significantly in August. As of this writing, WTI crude oil prices are ~\$63/barrel, 10% below end-July levels. This should bode well for inflation and domestic consumption.

The most significant event of the week was Fed Chairman Jerome Powell's speech at Jackson Hole, likely his last as the head of the US Federal Reserve. In his speech, he set the stage for a September rate cut as he said, "with policy in restrictive territory... risks may warrant adjusting our policy stance." On that day, the Dow Jones index hit a record high as markets priced in 2 rate cuts this year, with the first coming next month. This should bode well for the Philippine peso if the dollar continues to weaken. Note that his successor will likely be extremely dovish as this is the strong preference of US President Donald Trump.

Philippine Stock Exchange Index (PSEi) 1-year chart



As such, the BSP is likely to continue its easing stance as well. With growth at sub-6% and inflation below 2%, the BSP is expected to cut as much as 50 bps in the next 6 months in its bid to stimulate growth.

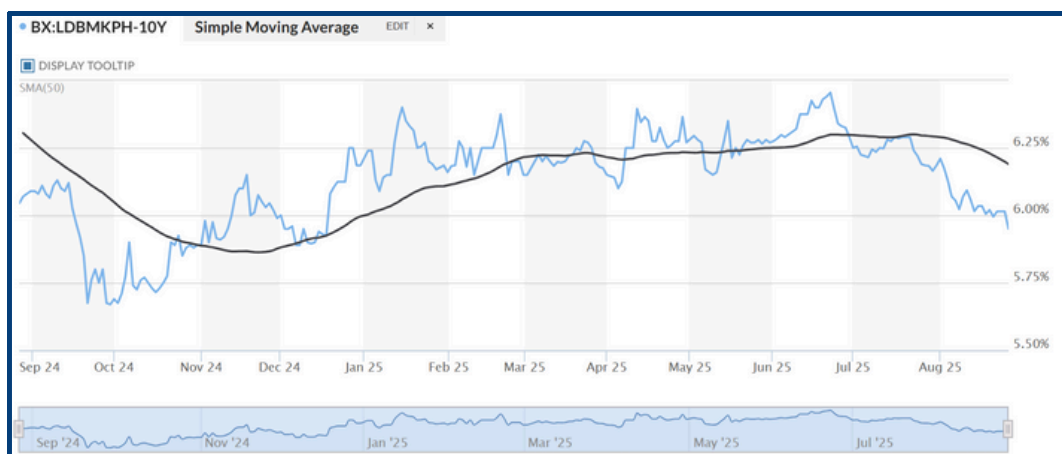


BOND OUTLOOK

Market Outlook: Neutral
Trading Strategy: This week will be the MB meeting, where consensus is for the BSP to cut another 25bp. The move seems to be already fully priced in so yields in the bond market seem to be feeling toppish already. For now we would like to wait for better levels to accumulate, especially on the long end where we would like to see yields at 6%. For now we can wait for any pullbacks before adding.

There is optimism now that the Fed will likely start cutting rates in September, now that Jerome Powell hinted that it may be the correct timing now. Markets, especially equities, strengthened but we will have to see if the strength continues. Yields have been caught in a range so far with treasuries hovering close to the 4.25 mark for the 10y. Meanwhile the new 5Y local RTB seems to be stuck as well at 5.85 but levels have been supported. For now, we would wait for any pullback before starting to accumulate, but are fairly more positive that yields will be coming down from here.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates
Benchmark Tenors

Tenor	BVAL Rate as of August 22, 2025
1M	5.0434
3M	5.2578
6M	5.4830
1Y	5.5985
3Y	5.7419
5Y	5.8429
10Y	6.0000

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