

# 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 :** Net foreign selling remained heavy this week. Nonetheless, we note that support levels for many stocks are holding. This may provide an opportunity for those with available liquidity.

The PSEi was only marginally lower this week, but this still counts as the 4th straight down week for the benchmark index. This is on the back of PhP 1.58 billion in net foreign selling this week which was concentrated in banks and conglomerates. Our stock market's weakness is a sharp contrast to the record highs reached by US equities.

August inflation came in at 1.5%, above expectations of 1.2%. Although this is below the BSP's target range for inflation, it is mindful of potential upside risk. BSP Governor Eli Remolona Jr. said with the latest data "putting us at our sweet spot for inflation and output... the policy rate itself is at our Goldilocks rate." He left the door open for one more rate cut in case growth slows down, but analysts expect the most recent move to be the end of the easing cycle.

Political instability in Thailand and Indonesia is also putting a spotlight on ASEAN markets. If political risk worsens, it may cause sentiment for the region to sour.

### Philippine Stock Exchange Index (PSEi) 1-year chart

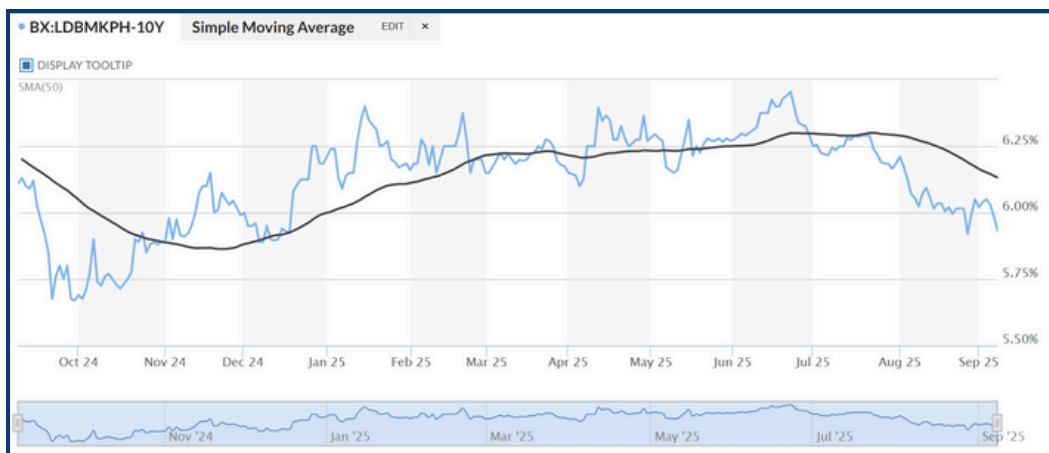


## BOND OUTLOOK

**Market Outlook :** Positive  
**Trading Strategy :** A much weaker NFP print last week has all but cemented a rate cut by the Fed next week, with such a weak number even opening up the possibility of a 50bp cut. We don't think this is likely but the Fed cutting more should be good for the BSP to remain dovish. We would be cautiously adding to positions here but avoid buying as we get closer to resistance at 5.75 levels.

The NFP print showed that the US only created 22k jobs in August, which was an alarmingly bad number. All eyes now are on the PPI and CPI coming out this month, which should give us guidance on what the Fed will do. Another lower number may make the Fed signal more cuts are coming than the anticipated 2 cuts. This should also give the BSP room to cut some more, even with a historically low interest rate differential. At the very least this should make the BSP more dovish, as they sounded very hawkish in the last MB meeting.

### PHILIPPINES 10 YEAR GOVERNMENT BOND



### PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of September 05, 2025
1M	4.9730
3M	5.1769
6M	5.3135
1Y	5.4699
3Y	5.7086
5Y	5.8445
10Y	6.0014

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