

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



## **EQUITY OUTLOOK**

Market Outlook: Technicals: Trading Strategy:

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

The PSEi finally bounced as it entered oversold conditions. We note that strength is concentrated in index heavyweights as these are the top recipients of foreign inflows. Only a few non-index names are showing relative strength. It may be best to remain on hold

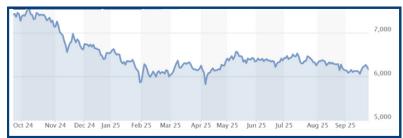
After being in a downtrend for more than a month, the PSEi finally staged a relief rally as it gained 2.5% for the week. This culminated with FTSE rebalancing at the end of the week where Philippine stocks experienced a rare net foreign inflow.

Note that this recovery comes at a time when everyone is glued to the Senate Blue Ribbon Committee hearings on the flood control project corruption scandal. While this is likely to have a short term impact on economic growth, investors are shrugging it off as the Philippines is not experiencing the violent protests seen in Indonesia and Nepal.

Globally, the US Federal Reserve finally lowered interest rates by 25 bps to 4.25% - the first rate cut since December 2024. This was widely expected by the market. US Fed Chairman Jerome Powell signalled that more cuts are to come, with economists expecting 2 more cuts this year and at least 1 more in 2026. Markets took this as a bullish signal with US equity indices hitting fresh all-time highs.

We also note that the Philippine peso has been stuck in a sideways consolidation pattern for 7 weeks. We chalk this up to both dollar weakness and open market intervention by the BSP. A stable or appreciating peso will be a positive for the market.

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





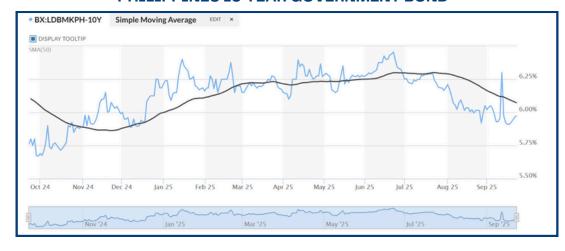
## BOND OUTLOOK

/larket Outlook: Trading Strategy:

Now that the Fed has cut rates by 25bp, we are seeing rangebound trading. This week we will get more clarity as some Fed members deliver speeches but it looks like the Fed will stick to 2 more cuts for now. We expect to see more of the same as market will move to a wait and see mode post the cut.

We may see the market consolidate around this area since the Fed did not really sound very dovish when they cut by 25bp as expected. It seems that they are content to stick with their gameplan of another 50bp of cuts in the next few months, more of a reassurance cut than a cut because the economy is weakening. They addressed the jobs data but said that the overall economy remains to be strong. Market will then wait for new CPI readings before moving again so for now, we think that we can wait for better levels to reenter if possible.

## PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates

Benchmark Tenors	
Tenor	BVAL Rate as of September 19, 2025
1M	4.8034
3M	4.9458
6M	5.1976
1Y	5.3041
3Y	5.6533
5Y	5.7912
10Y	5.9640

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