

VANTAGE POINT

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



EQUITY OUTLOOK

Market Outlook : Cautiously Bullish

Technicals :

Trading Strategy :

Support at 5700 followed by 5400 , Resistance at 6000 followed by 6200

With no clear breakout in sight, 6000 has proven to be a resistance level. It is more prudent to buy quality stocks at support levels. We are carefully watching the Philippine peso as a break of the 59 level will be bearish for stocks.

6000 has so far proven to be a strong resistance level. Despite multiple attempts to break it on the back of strong local institutional buying, the PSEi has failed to stage a convincing breakout. We note that foreign selling is broad-based and concentrated in blue chip stocks.

Domestically, the inflation rate in November eased to 1.5% owing to a slower increase in food prices. This brings YTD inflation to 1.6% which is below the full-year target of 2.0% to 4.0%. Combined with tepid economic growth, the BSP is widely expected to cut interest rates. In a recent interview, BSP Governor Eli Remolona Jr. said that while an interest rate cut is "likely but not assured", a cut in the reserve requirement ratio is less likely because the liquidity created by previous RRR cuts has yet to be absorbed by the system.

The BSP's decision to cut interest rates will come a day after the US Federal Reserve's meeting on December 10. With US job numbers showing a 32,000 contraction instead of an increase of 40,000 as analysts expected, the chance of Fed rate cut has risen to over 90%. This should cushion any potential weakness of the Philippine peso. We also note that we are in a seasonally strong period for our currency due to remittance inflows for the holidays.

Philippine Stock Exchange Index (PSEi) 1-year chart



However, we caution that a break of the 59/\$ level will spell further weakness for both the Philippine peso and the stock market.



BOND OUTLOOK

Market Outlook : Neutral

Trading Strategy :

Sideways to higher yield movement persists as no new data to move markets. Yields are about 5bps higher and likely to be range bound as we wait for the Fed and BSP to make a move, hopefully to cut interest rates to stimulate the economy, especially in the PH case, as inflation is came out lower than expected and GDP remains slow.

We still expect sideways trading this week as most dealers are waiting for the Fed to either cut or mention the path for cuts. The September meeting was contentious in that Fed members were very divided on the cut, so market is nervous as to the outcome this December. It would be best to stay neutral to defensive as most dealers are also using this time to lock in gains and close their books for the upcoming holidays.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates
Benchmark Tenors

Tenor	BVAL Rate as of December 05, 2025
1M	4.6750
3M	4.8732
6M	4.9990
1Y	5.0520
3Y	5.3077
5Y	5.5493
10Y	5.9178

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