

WANTAGE POINT

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



EQUITY OUTLOOK

Market Outlook: Cautious
Technicals: Support at 6200 followed by 6000, Resistance at 6500 followed by 6800
Trading Strategy: As a net oil-importing country which is reliant on domestic consumption, the closure of the Strait of Hormuz is a major risk. Investors should take this time to review their asset allocation and reduce their risk exposure to a level that will allow them to ride out the volatility.

The PSEi suffered its first major correction in 2026 as the US and Israel launched coordinated attacks on Iran on February 28, with the PSEi down 4.4%. The uninterrupted streak of net foreign buying has also come to an end as foreign entities net sold PHP 950 million this week. This was also underpinned by a weaker Philippine peso, which depreciated by 2.34% WoW to 59.01/\$.

Ongoing for a week now, Iran has been bombarded on all fronts. It responded by attacking US-linked locations in surrounding Middle Eastern countries, leading to cancelled flights and travel advisories. On top of this, the conflict has led to the closure of the Strait of Hormuz.

Philippine Stock Exchange Index (PSEi) 1-year chart



This vital waterway carries 26% of all seaborne oil annually, with 89% of this destined for Asia. Since the conflict started, Brent crude prices have risen 21% and are currently trading at \$86/barrel. This puts severe pressure on countries that are net oil importers, especially those in Asia. This is one of the major concerns of foreign institutions, hence the net selling we saw in the past week.

We expect inflation forecasts to be upgraded as growth expectations are reduced. This will put central banks in a tough spot as they try to prevent stagflation amidst a very fluid macro environment fraught with geopolitical risk.



BOND OUTLOOK

Market Outlook: Defensive
Trading Strategy: Markets are in turmoil after oil breached \$100/bbl due to the US bombing of Iran and Iran's retaliation, closing the strait of Hormuz. Yields are higher by as much as 70bp as bank stop loss limits are hit and forced selling occurs. Bids are non-existent in the street, so for now, best is to stay on the sidelines and keep powder dry.

Situation remains fluid as oil shoots past \$100/bbl. Central banks around the world, including the BSP, are forced to rethink their strategies as prolonged price increases in oil would have a severe effect on inflation. Yields have risen dramatically, with the new 10y jumbo bond bid at 6.75 although the rise was on limited volume. We suggest to wait and see as these crises usually blow over and hopefully markets return to normal quickly.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates
Benchmark Tenors

Tenor	BVAL Rate as of March 06, 2026
1M	4.3788
3M	4.537
6M	4.5881
1Y	4.6658
3Y	5.6402
5Y	5.9253
10Y	6.3182

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