

# VANTAGE POINT

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## LOCAL EQUITY OUTLOOK

**Market Outlook :** Cautious  
**Technicals :** Support at 5700 followed by 5580, Resistance at 6000 followed by 6200  
**Trading Strategy :** The reopening of the Strait of Hormuz is bullish for Philippine stocks. For companies whose fundamentals catch up, they are likely to return to the uptrend they were on at the start of 2026.

The PSEi bounced off support as bargain hunters continued to buy beaten down stocks and top index heavyweights. Bullishness was further fueled by a written agreement between the US and Iran which will hopefully lead to the reopening of the Strait of Hormuz. Net foreign flows are encouraging as it amounted to PhP 1.56B for the week as FTSE rebalancing brought net inflows. June marks the first month of net foreign inflows since the Iran war started. As of Friday's closing, the PSEi is up 1.4% YTD.

The reopening of the Strait of Hormuz is the single most significant macro event that the entire world has been waiting for this year. With the 14-point agreement between US and Iran, there are high hopes that the Strait will finally be reopened permanently even amidst the 60-day negotiation period. As of this writing, our data indicates that 29 vessels have traversed the Strait of Hormuz in either direction. So far, crude oil prices are down 35% from their intraday highs. This bodes well for net importing countries like the Philippines.

Although inflation is expected to trend lower in the latter part of the year, it still remains elevated and above the 4% upper end of the BSP's target range. Thus, the BSP delivered a widely expected 25 bps rate hike which brings the benchmark interest rate to 4.75%. BSP Governor Eli Remolona Jr. signalled that the BSP is willing to raise interest rates further until it becomes clear that inflation will fall back within target. Meanwhile, the US Federal Reserve kept rates on hold. It is the first meeting presided by new Fed Chairman Kevin Warsh. He also drastically altered the typical format of the monetary policy statement, which surprisingly had a hawkish tilt.

Philippine Stock Exchange Index (PSEi) 1-year chart



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## GLOBAL EQUITY OUTLOOK

The MSCI All-Country World Index closed higher by 1.2% WoW, mainly driven by the signing of a peace deal between the US and Iran, which should pave way to the reopening of the Strait of Hormuz. However, this was tempered by an unexpected hawkish pivot in the monetary policy statement by new Fed Chairman Kevin Warsh.

Earlier in the week, gains spread to the broader market as falling energy prices improved inflation and economic outlook. However, markets showed mixed sentiment as investors assessed Fed's outlook. S&P 500, Dow Jones and Nasdaq (US markets) consolidated near their highs. KOSPI (South Korea), Nikkei 225 (Japan), and TAIEX (Taiwan) indices reached another all-time high still driven by AI and tech. Meanwhile, European equities rallied with renewed optimism.

Mid-week, the US and Iran signed a 14-point agreement to end the war and reopen the Strait of Hormuz. The deal is expected to normalize global energy flows. Oil prices fell sharply below \$80/bbl after as inflation concerns eased, boosting risk appetite.

The US Federal Reserve also had its first meeting presided by new chair Kevin Warsh. Key policy rates were left unchanged at 3.5%-3.75%. However, the Fed maintained a cautious stance and signaled that interest rates may remain elevated for longer. This came as a surprise as Warsh was expected to adopt an accommodative stance. Markets turned volatile as a result.

MSCI All Country World Index (MXWD) 1-year chart



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**BOND OUTLOOK**

**Market Outlook :** Defensive

**Trading Strategy :** We continue to stay on the sidelines, especially now that the newly brokered peace deal has hit a snag anew, with Iran again closing the Strait of Hormuz.

Markets' optimism was dashed this Friday as Iran closed the Strait of Hormuz, blaming Israel of breaching the ceasefire. We will have to wait and see how Trump reacts to this development, but already futures are down and oil is back up above 80/bbl. Local bond yields have already erased any gains made last week with the 10y now back to the 7% level and the newly reissued 7yr, which generated much demand at 6.775 is now back above this level. For now, we opt to stay on the sidelines and wait for what the US will do.

**Philippines 10 Year Government Bond**



**PHP BVAL Reference Rates Benchmark Tenors**

| Tenor | BVAL Rate as of June 19, 2026 |
|-------|-------------------------------|
| 1M    | 4.7491                        |
| 3M    | 5.0886                        |
| 6M    | 5.5095                        |
| 1Y    | 6.0183                        |
| 3Y    | 6.4633                        |
| 5Y    | 6.6861                        |
| 10Y   | 6.9694                        |