VANTAGE POINT

AUGUST 10,2026
MONDAY

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

1 LOCAL EQUITY OUTLOOK

Market Outlook : **Neutral**

Technicals : Support at 6200 followed by 6000, Resistance at 6500 followed by 6700

Trading Strategy : The index managed to close higher this week as recent corporate earnings results were not a complete disaster. The weakening dollar and lower oil prices also buoyed emerging markets as a group, including the Philippines. We remain selective buyers.

The PSEi slightly rose by 0.86% WoW as it rebounded from the dip following the August index rebalancing. At the same time, investors assessed company earnings results amidst elevated geopolitical risk due to the ongoing Iran conflict. Foreign funds switched to net selling this week with net foreign outflows amounting to PhP911 million. Meanwhile, the Philippine Peso appreciated to its 7-week high at 60.87/$ as the dollar weakened.

Headline inflation in July slightly eased to 6.2% from 6.4% in June, bringing average YTD inflation to 5.0%. This was lower than the consensus estimate of 6.4% and within the BSP's forecast of 5.6%-6.6% for the month. The decrease was mainly due to slower transport index to 11.9% from 12.8% in June. Food prices were stable at 5.2% with lower prices of meat offset by higher rice prices.

Meanwhile, 2Q26 GDP growth YoY further declined to 2.3% from 2.8% in 1Q, its slowest pace in 5 years. The drag came mainly from gross capital formation which contracted by 9.2% YoY due to weakness in construction, durable equipment, and livestock & crops. Household consumption growth also declined to 2.8% from 3.0% in 1Q. On the other hand, government consumption growth doubled to 8.3%. Exports of goods and services also accelerated to 12.2% while imports slightly slowed to 5.5%.

The earnings season has started with most results coming in more positively than expected. Despite inflationary pressures and price hikes, consumer companies showed resilient sales in 2Q. Utility companies also performed well in the previous quarter, however, regulatory overhang and concerns on El Nino impact continued to cloud sentiment.

Looking abroad, the de-escalation between the US and Iran caused crude oil prices to decline further by 11% this week. US nonfarm payrolls also fell, contrary to expectations of more jobs in July. As a result, the US 10-yr treasury yield declined as rate hike expectations faded. The dollar further weakened after while emerging market currencies and precious metals rose.

Philippine Stock Exchange Index (PSEi) 1-year chart

www.marketwatch.com

2 GLOBAL EQUITY OUTLOOK

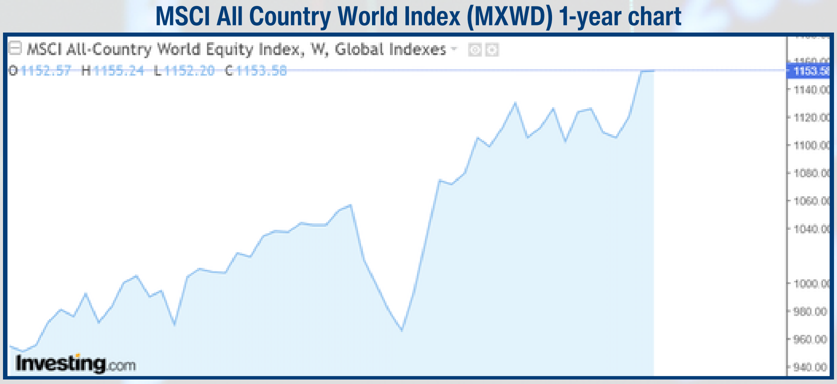
Global equity markets rebounded sharply this week on the back of the de-escalation of the US-Iran conflict, better-than-expected corporate earnings and diminished Fed rate hike expectations. The MSCI All-Country World Index (MXWD) reached a new all-time high of 1,152.49 as it closed 2.9% higher WoW. All major US indices also outperformed this week. The S&P 500 closed at a new all-time high of 7,757.64, up 3.6% WoW while Nasdaq bounced back strongly, gaining 5.1% WoW. Dow Jones reached a new record high of 54,349.12 and closed higher by 3.0% WoW. In Asia, Japan's Nikkei 225 and Taiwan's TAIEX closed higher WoW although still underperformed vs the benchmark while South Korea's KOSPI ended in the red. Meanwhile, European markets further ascended to new all-time highs.

Hopes for diplomacy between the US and Iran caused crude oil prices to decline further by 7.7% this week. Earlier in the week, President Donald Trump cancelled planned strikes on Iran which he said would have been "the biggest attack since World War II". He also said that the US and its allies in the Middle East "would much prefer a deal as opposed to an attack, because you don't know where these attacks lead."

Moreover, markets were boosted by a higher manufacturing PMI in July which expanded by 2.3 percentage points from June to its highest level since May 2022. Bullish sentiment on big tech following impressive earnings also continued this week. Meanwhile, strong US corporate earnings extended beyond the tech sector to include oil, industrial, pharmaceutical and consumer companies. Nvidia notably rallied as well. This was after Elon Musk announced during SpaceX's first earnings call that it would build its AI services, such as data centers even in space, exclusively using Nvidia's chips.

US nonfarm payrolls fell by 23,000 jobs in July, contrary to expectations for a gain of up to 100,000 positions. As a result, the US 10-yr Treasury yield declined as Fed rate hike expectations faded. The dollar further weakened while emerging market currencies and precious metals rose.

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



http://ph.investing.com/indices/msci-world-stock-chart

3 BOND OUTLOOK

Market Outlook : Neutral

Trading Strategy : Markets are cautiously optimistic that a ceasefire (again) is in place in the middle east. Yields have already rallied the past week but still at around 7%. This would be a good place to pick up selectively but we are still wary that any uptick in oil prices could send yields back higher. For now we would be on the sidelines.

For now there seems to be optimism that tensions in the Middle East are winding down, though if it holds is anyones guess. Oil prices are stabilizing at around 80/bbl which may become the new normal. Locally, inflation may have peaked already and BSP Gov Remolona says that pressures to hike rates may have abated for now but BSP remains data dependent. Yields on the shorter end of the curve up to the belly are now being taken below 7% while the longer end seems to be less inclined to do so for now, with the 10y still at around 7.25.

Philippines 10 Year Government Bond

https://www.marketwatch.com/investing/bond/ldbmkph-10y/charts?countrycode=bx&mod=mw_quote_tab

PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of August 07, 2026
1M	4.7543
3M	5.0342
6M	5.4360
1Y	5.8636
3Y	6.8165
5Y	7.1053
10Y	7.2703

https://www.pds.com.ph/government-securities/