VANTAGE POINT

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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 remained resilient despite subdued earnings results as investors took the opportunity to reposition their portfolios. Continued dollar weakness and a rebound in economic growth in the second half of the year should help lift the market.

The PSEi slightly increased by 0.11% WoW to 6,297.30 as investors continued to assess 2Q26 company earnings results. This was despite net foreign outflows totaling PhP3.67 billion for the week due to SMPH's block sale. A clean-out sale through a secondary placement was made by a foreign institution amounting to 430 million SMPH shares at PhP18.12/sh. Of these, 100 million shares were purchased through SMPH's share buyback program. The Philippine Peso also depreciated to 61.41/$ amid an uptick in crude oil prices.

Company earnings results were mixed with most sectors trailing expectations except for consumer companies. Sales were unexpectedly resilient especially in 2Q despite high inflationary environment and price hikes Mid-May.

Meanwhile, MSCI Philippines Standard Index is down to 9 names as Ayala Land Inc. will be removed from the list during its August rebalancing. ALI will be downgraded to MSCI Philippines Small Cap Index instead. Changes will take effect at the close of trading on August 31.

Moreover, US inflation eased to 3.4% in July from 3.5% in June, inline with expectations. Stock markets rose while treasury yields fell as Fed rate hike expectations in September tempered. The dollar remained weak while precious metals corrected.

Philippine Stock Exchange Index (PSEi) 1-year chart

www.marketwatch.com

2 GLOBAL EQUITY OUTLOOK

Global equity markets remained strong this week, even reaching new record highs. This was driven by strong tech company earnings and benign US inflation in July. The MSCI All-Country World Index (MXWD) reached a new all-time high of 1,160.8 while closing 0.7% higher WoW at 1,160.3. The US' Nasdaq rose by 1.1% WoW while S&P 500 reached a new record high of 7,798.99 and was up 0.4% WoW. Dow Jones corrected as it was down 0.6% WoW. Meanwhile, Asian markets outperformed, with South Korea's KOSPI strongly rebounding by 11.5% WoW. Taiwan's TAIEX and Japan's Nikkei 225 were also up 3.6% and 4.7%, respectively. European markets made a healthy correction from their recent record highs.

US inflation eased to 3.4% in July from 3.5% in June, inline with expectations. This pushed stock markets to record highs as it reduced Fed rate hike expectations in September, supporting risk appetite. This also caused Treasury yields to fall. Meanwhile, uncertainty surrounding unresolved geopolitical tensions in the Middle East, concerns over the Fed's credibility in managing inflation moving forward, weak employment data, and benign US consumer and producer price inflation in July weighed on the dollar. This made precious metals, especially gold, more attractive. Reports indicate that central banks have continued to accumulate gold as part of a long-term strategy to diversify away from the US dollar.

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 : Yields are now moving sideways, looking for new catalysts now that the 7% handle has been broken on the shorter end of the curve. In the meantime we would be cautious at this stage as we see profit taking emerging and risks are again tilted negatively on Iran.

With a decent rally in yields pushing rates below 7%, at least on the shorter end to belly of the curve, market is now trading sideways as there is not much on the data front to guide either way. UST is rising as market is caught between good news on the economic side and risks with the ongoing tensions in the Middle East. Oil is stuck at around 80/bbl which may be the new normal. Meanwhile Metro Manila has been inundated with floods, which may cause some uptick in inflation down the road.

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 14, 2026
1M	4.7288
3M	4.9486
6M	5.3385
1Y	5.7171
3Y	6.6754
5Y	7.0223
10Y	7.3219

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