# VANTAGE POINT

SEPTEMBER 21, 2026
MONDAY

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

## 1 LOCAL EQUITY OUTLOOK

**Market Outlook :** **Cautious**

**Technicals :** Support at 6000 followed by 5700, Resistance at 6200 followed by 6500

**Trading Strategy :** The Fed's rate hike and FTSE index rebalancing caused the market to break below the 6,000 support level. The peso also continued to depreciate following the strengthening of the dollar. We remain selective and cautious as we navigate a subdued economic outlook amid a higher-for-longer interest rate environment.

The PSEi fell further to 5,855.91, down 3.4% WoW as investors turned cautious prior the Fed's monetary policy meeting and FTSE global equity index rebalancing. The continued weakness of the Philippine Peso also weighed on the market. Net foreign selling grew to PhP3.7 billion.

The Department of Finance proposed higher taxes on sweetened beverages and other products. The bill seeks to raise excise taxes on sugar-sweetened beverages from P6/L to P20/L and on drinks with high fructose corn syrup from P12/L to P40/L. It also proposed to impose a P6/L tax on flavored milk and sweetened 3-in-1 coffee products, which are currently not subject to excise taxes. Ice cream, frozen yogurt and edible frozen products would also be included. If implemented, this could raise average retail prices which could take a toll on various consumer companies.

Meanwhile, investors started to reassess portfolios ahead of the FTSE Global Equity Index rebalancing, effective September 18. BPI and SMPH were downgraded from large-cap to mid-cap, while CNVRG and MEG were downgraded from mid-cap to small-cap.

As widely anticipated, the US Fed announced a 25-bps increase in its policy rate, its first hike since 2023. This brings the target range to 3.75%-4.00%. The FOMC voted unanimously at 12-0, in favor of the tightening. Fed Chair Kevin Warsh highlighted the resilience of the US economy as evidenced in domestic spending, productivity growth, robust capital investment and a minimal change in unemployment rate. This led the Fed to prioritize price stability, as inflation remained "too high and has been too high for too long." Bond yields fell after the announcement though they remained elevated, while the dollar spiked. The Fed also signaled another rate hike this year as indicated by 16 out of 18 FOMC officials.

**Philippine Stock Exchange Index (PSEi) 1-year chart**


www.marketwatch.com

## 2 GLOBAL EQUITY OUTLOOK

Global markets turned volatile and ended mixed following tighter monetary policy from major central banks and seesawing tensions in the Middle East. The MSCI All-Country World Index (MXWD) decreased by 0.5% WoW to 1,137.6. The US' S&P 500 edged down by 0.1%, while Nasdaq gained 0.9% WoW, with both outperforming the benchmark. Meanwhile, Dow Jones fell by 1.7% WoW as the rally in US stocks was concentrated in semiconductor names. Asian markets generally outperformed MXWD, with South Korea's KOSPI slightly declining by 0.2%, while Taiwan's TAIEX and Japan's Nikkei 225 gained 2.2% and 1.6% WoW, respectively. European markets underperformed, except for UK's FTSE 100 which increased by 0.1% WoW.

The Federal Reserve unanimously voted for a 25-bps rate hike, raising its target range to 3.75%-4.00%. Fed Chair Kevin Warsh reiterated the Fed's commitment to price stability as inflation remained "too high for too long." Warsh also highlighted the resilience of the US economy. The Fed signaled another rate hike this year as indicated by 16 out of 18 FOMC officials. Bond yields fell following the announcement though they remained elevated, while the dollar spiked.

The Bank of Japan also raised its benchmark rate by 25 bps to 1.25%, its highest level in 31 years to anchor inflation. Meanwhile, the Bank of England kept its policy rate unchanged at 3.75%. However, it warned of future hikes if inflationary pressures persist.

Crude oil prices eased below $100/bbl after China reportedly urged Iran to mitigate further conflict caused by the Iran-backed Houthi rebels amid escalating tensions in the Red Sea. China is Iran's largest trading partner and main buyer of its oil, accounting for more than 80% of Iran's oil exports in 2025.

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


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

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## 3 BOND OUTLOOK

**Market Outlook :** Defensive

**Trading Strategy :** Market is still defensive as Fed pushes through with a 25bp hike as expected Yields remain elevated as oil has bounced back above $100. We would be cautious at these levels still, but some positive news is that the planned 5y Jumbo Bond or RTB which was supposed to be launched this week was canceled.

With a hawkish Fed and BSP and with inflation expectations not slowing down due to the war in Iran, we see no need to be bullish on yields for now. Levels have been steadily creeping up to the highs reached at the start of the war, so they are presenting attractive levels for short term traders. However the trend is for rates to stay elevated in the medium term as the Fed continues to fight inflation. Market is pricing in 2 more 25bp hikes, which the BSP should roughly follow, so expect local bond yields to stay high for now.

### 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 September 18, 2026 |
|---|---|
| 1M | 5.0765 |
| 3M | 5.3699 |
| 6M | 5.7581 |
| 1Y | 5.9034 |
| 3Y | 6.9758 |
| 5Y | 7.3444 |
| 10Y | 7.5756 |

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