VANTAGE POINT

OCTOBER 26, 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 5700 followed by 5580, Resistance at 6000 followed by 6200
Trading Strategy : The index gave up its gains and ended lower WoW as weakness in global markets, especially tech stocks, spooked investors. Further depreciation of the peso to new record lows despite the BSP's jumbo rate hike also put downward pressure on the market. The negative performance of GCASH may also amplify already bearish sentiment. Meanwhile, 3Q26 earnings results will commence next week which should help investors further assess their portfolios.

The PSEi slightly dipped to 5,728.63, down 0.94% WoW. The market corrected as investors turned cautious on subdued economic growth outlook and further peso depreciation. The Philippine Peso weakened to a new record low of 63.62/$, down 1.0% WoW, despite the BSP's jumbo 50 bps interest rate hike. Meanwhile, net foreign selling widened to PhP9.08 billion, exacerbated by outflows from the GCASH IPO. This marks the 12th straight week of net foreign selling for the Philippine stock market.

The BSP unexpectedly delivered a jumbo 50 bps rate hike, bringing the policy rate to 5.50%, as it expects inflation to accelerate further and remain elevated in 2027. Oil price volatility due to tensions in the Middle East and the potential impact of El Nino, especially on agriculture, are seen as upward risks to prices. The BSP also adjusted its 2027 average inflation forecast higher to 6.0% from 5.4% while keeping the 2026 forecast at 6.1%.

Philippine Stock Exchange Index (PSEi) 1-year chart



www.marketwatch.com

Meanwhile, manufacturers of basic necessities and prime commodities (BNPCs) agreed with the Department of Trade and Industry to hold prices steady until the end of 2026 despite higher input costs. This would cover 205 SKUs, including common brands of canned sardines, instant noodles, condiments, coffee and bottled water. Previously, the DTI allowed priced adjustments in May for select brands of goods to support manufacturers facing higher input costs driven by surging crude oil prices.

Mynt's GCASH opened at the IPO price of PhP6.60 on October 20 and reached an intraday high of PhP6.76. This was the biggest IPO in Philippine history valued at PhP60.9 billion, followed by MONDE. About 59.8% of the total shares offered were subscribed to by 19 foreign and 6 domestic cornerstone investors while 21.9% was supported by institutional investors. More than 140,000 GCash users participated through the app. Mynt sold 8.03 billion shares at 6.60 pesos while 1.204 billion overallotment shares are to be purchased by the stabilizing agent, UBS, within 30 days from the listing date. However, oversubscription was offset by selling pressure following the IPO on the back of risk-off sentiment by foreign investors.

2 GLOBAL EQUITY OUTLOOK

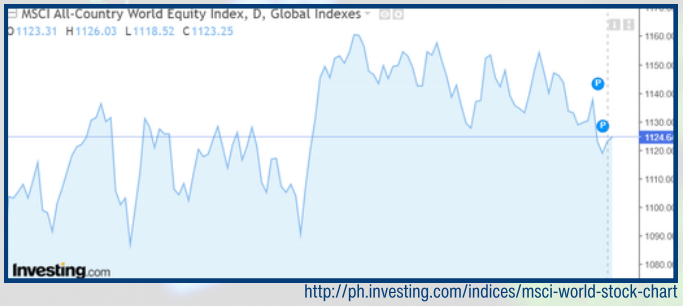
Global markets tumbled mainly due to selloff in AI and technology stocks as investors shifted to safe-haven assets. The MSCI All-Country World Index (MXWD) declined by 0.90% WoW to 1,119. The US S&P 500 and Nasdaq also decreased WoW, although both outperformed the benchmark. Meanwhile, the Dow Jones inched higher by 0.40% WoW. Major Asian indices that are heavy on tech stocks suffered losses, with South Korea's KOSPI declining by 2.08%, Taiwan's TAIEX falling by 2.27% and Japan's Nikkei 225 dropping by 4.03% WoW. European markets, including Germany's DAX, the UK's FTSE 100 and Europe's STOXX 600, also ended lower amid higher crude oil prices and fiscal concerns in France.

AI capex and monetization concerns took centerstage once again following Meta's earnings results. Meta's free cash flow in 3Q26 turned negative despite a 26% YoY increase in revenue, as capital expenditures exceeded its net cash from operating activities. This was the first time its quarterly free cash flow turned negative since its IPO in 2012.

Following this, US long-term bond yields fell significantly WoW, with the 10-yr bond yield declining below 5.0% as investors sought safety. Violent protests in France continued, with the French-German 10-yr bond yield spread widening to 175 bps, its highest level since 2011.

Meanwhile, crude oil prices surged as investors anticipated another round of strikes by the US and Iran soon after the midterm elections on November 3. Despite persistent inflationary pressures, the Fed was expected to hold rates at its October 28 meeting ahead of the elections before hiking once again towards yearend. Reports so far were showing a high chance of Democrats gaining control of the House, alongside a more than 50% chance of taking back the Senate. This was as Trump's approval rating hit a record low of 31%. Surveys indicate that 68% of Americans, including self-identified Republicans, expressed disapproval of his handling of the economy.

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 : Defensive position remains even though we are starting to see some relief in UST yields, but this is due to a flight to quality situation from the large selloff in AI tech names in US equities. Further depreciation of the USDPHP close to 64 has local bonds under pressure as well.

BSP decided to hike by a surprise 50bp, citing inflation concerns and worries that they may need to hike more to keep prices in check. This caused an initial appreciation in the USDPHP but this subsided to move the pair closer to 64. Yields were steady for local bonds but market is wary of another round of stop loss triggers, though bids are already defensive. For now we remain on the sidelines and are wary of more moves by the BSP, which will cause yields to rise further above 8%.

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 October 23, 2026
1M	5.3703
3M	5.7538
6M	6.1495
1Y	6.4341
3Y	7.4925
5Y	7.8496
10Y	8.0540

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