VANTAGE POINT

NOVEMBER 02, 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 market is in wait-and-see mode ahead of the US midterm elections. Investors will also have to reevaluate portfolios as 3Q26 earnings results come in. Peso weakness and a subdued economic growth outlook continue to weigh on the market. However, it is possible that weakness in US tech stocks may lead to a rotation into traditional economies like the Philippines.

The PSEi ended at 5,680.35, lower by 0.84% WoW as poor earnings reports and peso depreciation weighed on sentiment. The Philippine peso closed at 63.74, lower by 0.20% WoW and down 8.4% YTD. Historically, significant peso weakness puts downward pressure on the PSEI. Still, intermediate support of 5,580 remained intact as liquidity dried up and net foreign selling narrowed to PhP324 million.

The Department of Energy (DOE) warned that a weaker peso could lead to higher power rates through higher generation charges which constitute around 64% of the bill. This could be driven by higher fuel costs from imported coal, diesel, and liquified natural gas (LNG), as well as volatility in the Wholesale Electricity Spot Market (WESM). Energy Secretary Sharon Garin also noted that the El Nino could drive a surge in electricity demand resulting in higher power rates and more outages. The DOE is in talks with the Energy Regulatory Commission (ERC) on possible measures to mitigate the risks. The government is also considering staggered pump price adjustments and subsidies, if needed.

Philippine Stock Exchange Index (PSEi) 1-year chart



www.marketwatch.com

Despite the BSP's 50-bps rate hike, the peso continued to hit record lows. Economists are now considering the possibility of another jumbo hike, bringing the policy rate to 6% at an off-cycle meeting. However, some were saying that rate hikes alone may not be sufficient. The BSP may also resort to selling dollars from its Gross International Reserves (GIR) to stabilize the peso. While the GIR remains at an adequate level, it fell to a 3-yr low of US$99.5 billion in September. Meanwhile, President Ferdinand Marcos Jr. urged the public not to panic and vowed to defend the peso. Apart from monetary policy measures, he mentioned other fiscal measures such as interventions on food prices.

The US Fed decided to keep its benchmark rate unchanged at 3.75% to 4.00%, ahead of the midterm elections. However, markets are anticipating a rate hike in December. The Fed's decision to hold rates should provide some support to the peso.

2 GLOBAL EQUITY OUTLOOK

Global markets were mixed following continued selloff in AI and technology as well as policy rate decisions from several central banks. The MSCI All-Country World Index declined by 0.31% WoW. The US S&P 500, Nasdaq and Dow Jones all underperformed against the benchmark. Meanwhile, South Korea's KOSPI turned positive after 4 consecutive weeks of declines. Japan's Nikkei 225 also increased by 0.95% WoW, while Taiwan's TAIEX ended lower by 1.80% WoW. European indices- Germany's DAX, the UK's FTSE 100 and Europe's STOXX 600- also posted gains WoW.

The week started on a positive note for chips and hyperscalers after Anthropic, the creator of Claude, reported 2Q revenue growth of 1,368% YoY. South Korea's SK Hynix also grew its 3Q profit 7x YoY, stronger than expected. However, markets turned sour toward the end of the week following disappointing earnings results from Alphabet and Intel. Alphabet plunged by 12.6% on Friday alone, its worst one-day decline since its IPO in 2004. This came after it reported a negative free cash flow of $9.07 billion in 3Q. Intel's results were weighed down by higher costs of memory and other components, causing it to crater by 29% for its worst single day decline since 1974. Investors sought safety instead in government bonds and regions with less exposure to tech.

The Fed kept its benchmark rate unchanged at 3.75% to 4.0%, with a 10-2 majority vote, including Fed Chair Kevin Warsh. This hawkish hold came amid strong economic growth, elevated inflation, and tightening financial conditions. Historically, the Fed held policy rates ahead of US midterm elections. Markets are now anticipating a rate hike in December. Meanwhile, Warsh announced that the Fed will only have 7 policy rate decisions in 2027 and 6 in 2028, instead of 8. The European Central Bank and the Bank of Japan also held rates steady.

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 : Some relief in yields occurred over the weekend as there was hope of diplomatic progress between the US and Iran. 10y UST moved below 5%, and oil prices moved back below 100. We would be cautious this week since the Midterm elections are ongoing, which is looking like a win for Democrats.

Market locally is still digesting the 50bp BSP rate hike, and looming hikes further down the road. Bonds are all floating around the 8% mark, which offers a good yield pickup, IF inflation finally gets under control. This all hinges on the war in Iran, and also the results of the midterm elections in the US. For now we look to stay on the sidelines and assess the impact of the elections, and also wait and see for further developments on oil prices.

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 30, 2026
1M	5.4896
3M	5.8137
6M	6.3000
1Y	6.5727
3Y	7.6238
5Y	7.9768
10Y	8.1337

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