

VANTAGE POINT

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

EQUITY OUTLOOK

Market Outlook : Neutral

Technicals :

Support at 6000 followed by 5700, Resistance at 6500 followed by 6700

Trading Strategy :

The sheer volatility in global and local events makes it very difficult to implement a purely aggressive or defensive strategy. Investors may use sharp up or down moves to realign their portfolios.

President Ferdinand Marcos, Jr. continues his Cabinet revamp as he has now asked the heads of GOCCs to resign as well. Mainstream news indicates that many more officials are likely to be replaced.

Despite the ongoing realignments in top leadership, President Marcos was still able to sign RA 12214 or the Capital Market Efficiency Promotion Act into law. It lowers transactions taxes while harmonizing rules on capital gains and interest tax rules. Taxes on mutual funds, UITFs and retirement accounts were likewise reduced to encourage more participation from individual investors. For equities, the reduction in stock transaction tax from 0.6% to 0.1% should increase liquidity as the friction costs for trading is significantly reduced.

MSCI rebalancing last week led to a net outflow on Friday as foreign institutions realigned their portfolios. Reported net foreign selling amounted to PhP 14.9B last week. However, if we exclude the negotiated block sale of RRHI where a large stakeholder's 22% stake was purchased by the company's corporate buyback program, the more realistic figure is a net foreign inflow of ~PhP 0.5 billion.

On the foreign front, we had trade flip flops yet again. After threatening the EU with a 50% tariff, US President Donald Trump backpedalled yet again as he delayed its implementation to July 9. US Treasury Secretary Scott Bessent also said that US-China trade talks have stalled as both sides have continued to trade barbs.

In a dramatic turn of events, the US Court of International Trade said that the emergency powers which President Trump invoked to levy tariffs does not authorize the imposition of universal tariffs. Vowing to still push through with tariffs in another way, the US government was able to get a stay on the order via the US Court of Appeals. Still, this may weaken the negotiating power of the US with other countries. Markets greeted the initial ruling striking down tariffs with bullishness.

Philippine Stock Exchange Index (PSEi) 1-year chart



BOND OUTLOOK

Market Outlook : Neutral

Trading Strategy :

Bonds remained in a tight range even as USTs saw a slight relief due to Trump delaying tariffs with EU. With BSP still dovish, bonds at these levels will most likely be supported. However it would be best to wait for CPI to come out and see if tariff volatility would have any effect on local inflation. For now we would like to stay on the sidelines.

Some important data coming out this week such as May CPI, which may show some upward risk to inflation. We also get some jobs data from the US which should give some direction from the Fed. All this could create some volatility, so we would like to wait and see for now before deploying any cash.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of May 30, 2025
1M	5.2547
3M	5.4330
6M	5.5968
1Y	5.7253
3Y	5.7699
5Y	5.8986
10Y	6.2569

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www.philequity.net



ask@philequity.net