

VANTAGE POINT

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



EQUITY OUTLOOK

Market Outlook :
Technicals :
Trading Strategy :

Cautious

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

Global macro risks do not seem to be escalating, but they are not abating either. Currency weakness is also a negative for equity prices. We remain on hold for now as we monitor current events.

The Israel-Iran conflict continues as both sides trade missile and drone strikes. Meanwhile, US President Donald Trump has threatened to decisively end the conflict, saying that "all options are on the table" but that he will make a decision only "at the last second". With no clear spillover or escalation of the conflict, oil prices have more or less hit a plateau after the initial spike. However, it is anyone's guess how this conflict will evolve in the coming weeks.

Still, despite oil prices spiking, the Philippine peso depreciating and foreign investors scampering to safe havens, the stock market has been fairly robust. Despite net foreign selling amounting to PHP 3.5B last week on the back of FTSE rebalancing, the PSEi lost a mere 0.9%.

On the interest rate front, the BSP cut the benchmark index by another 25 bps to 5.25%. They signalled another rate cut this year, though they are monitoring both the currency and oil prices. With the BSP cutting rates as other Asian countries and the US Fed remain on hold, the peso depreciated by 2.7% against the US\$ in the past month, making it the worst performing Asian currency over that period.

Given the current macro situation, we will maintain our defensive stance.

Philippine Stock Exchange Index (PSEi) 1-year chart



BOND OUTLOOK

Market Outlook :
Trading Strategy :

Defensive

Trump surprised the world by bombing nuclear facilities in Iran, effectively obliterating Iran's nuclear capabilities. Markets are now on edge as we await what Iran's retaliation will be, with the worst outcome the closing of the Strait of Hormuz which would greatly affect oil prices, especially in Asia. We would like to stay defensive and wait for further developments.

As we await Iran's reaction to the US bombing, most players are on the sideline. Any action that adversely affects oil could create an even larger conflict, which would possibly have other countries join the hostilities. However, a ceasefire would boost markets as before the Israel bombings, markets were already looking positive. We would like to wait for any news, as oil prices would affect PH inflation as we import most of our oil. USDPHP depreciation also would cause upward pressure on inflation.

PHILIPPINES 10 YEAR GOVERNMENT BOND

PHP BVAL Reference Rates
Benchmark Tenors



Tenor	BVAL Rate as of June 20, 2025
1M	5.1422
3M	5.4714
6M	5.6213
1Y	5.6842
3Y	5.8258
5Y	5.9988
10Y	6.4131

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