

VANTAGE POINT

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



EQUITY OUTLOOK

Market Outlook: Neutral

Technicals:

Trading Strategy:

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

With the Philippine peso depreciating sharply, it may be best to increase the defensive tilt of one's portfolio. Moreover, the new tariffs declared by Trump may cause global equities to weaken in the near term.

The PSEi gave up all its gains from last week as it fell back down to 6,306. Net foreign selling remains subdued, but we note that they seem to be rotating out of banks and into bombed-out names.

However, Philippine peso weakness is making local equities less attractive to foreign funds, especially those that have the US dollar as a base currency. In July, the PHP was the second worst performing currency in Asia, down by 3.4%. With the currency breaking the 58/\$ level, it will be targeting 58.50-59. If the peso does not stabilize, further weakness in equity prices is likely. As the Philippines is a net importing country, it may also stoke inflation.

Offshore, US President Donald Trump rekindled the trade war as he made modifications to trade deals ahead of his August 1 deadline. Some countries were lucky to see only extensions, but many are at risk of being covered by tariffs as high as 40%. Trump seems to be specifically targeting transshipment, as an additional 40% tariff will be imposed on these. Previously, this provision only affected Vietnam's exports, but by August 7, it will be a blanket tariff. This caused equity indices in export-dependent countries to fall significantly, such as Korea's KOSPI index which shed 3.9% on Friday.

Domestically, the Supreme Court released a decision declaring the current impeachment complaint against Vice President Sara Duterte unconstitutional. This is likely to be a source of political noise in the near term.

Philippine Stock Exchange Index (PSEi) 1-year chart



BOND OUTLOOK

Market Outlook: Neutral

Trading Strategy:

BTR finally announces the much awaited RTB, which will be a 5yr issue. Pricing will be on Tuesday so most likely players will be on hold until then to wait where the new RTB will be issued, which would determine any adjustments on the yield curve. We will also be waiting for the yield, and would then most likely order especially if it is above 6%

Market is eagerly awaiting the pricing of the new 5Y RTB, with indications of 6-6.125%. A 6% or above yield would be decently attractive, given the BSP dovish stance and a chance for a further cut in August. Then starting September is the first that market sees the Fed moving, but the consensus is that Fed would cut 2 times this year and next, which would make a 6% handle on the 5Y RTB a good level to buy and hold.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates
Benchmark Tenors

Tenor	BVAL Rate as of August 01, 2025
1M	5.3105
3M	5.4152
6M	5.5570
1Y	5.6628
3Y	5.8184
5Y	5.9734
10Y	6.2031

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