

VANTAGE POINT

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 :

This round of index rebalancing was not as volatile as the results were widely expected. With the stock market expected to quiet down in the coming weeks, sudden drops may be used as an opportunity to buy. Sitting on one's hands during this period is not a bad option either.

The 2Q25 earnings season is nearly complete and as we said last week, results are far from exciting. Recurring earnings growth in 1H25 clocked in at only 6%. Many major companies surprised to the downside or dialed down growth forecasts, much to the disappointment of investors.

Index rebalancing was also implemented this week, with most flows concentrated in PLUS (entry) and BLOOM (exit). However, because of slight weight reductions across the board, the PSEi ended up down 0.4% this week despite foreign funds net buying PHP 1.1B worth of stocks.

Remittances were a bright spot with June figures growing by 3.7%, beating both forecasts and May growth figures. This may likely be due to frontloading ahead of the passage of the OBBA law, which turned out to be less draconian than expected, as the remittance tax was set at 1% instead of 3.5%.

The Philippine peso has also stabilized as the BSP's new strategy of forceful intervention brought it back to the 57/\$ level. Further strengthening of the peso will help stock prices recover as well. As we enter ghost month, statistics indicate that the index may have flat to weak performance on light volume.

Philippine Stock Exchange Index (PSEi) 1-year chart



BOND OUTLOOK

Market Outlook :

Neutral

Trading Strategy :

As expected, yields pulled back after reaching below 6% on the 10y. Market overcorrected though and is now hovering above the 6% mark. New RTB will start trading this week so this should give us some direction on where rates should go, but most would still be on hold to wait for the MB meeting next week, where we expect another 25bp cut by BSP.

For now, we remain on the sidelines with another 25bp cut by BSP being fully priced in for next week. Meanwhile, with not much else on the data front this week, most will also just be content to stay on the sidelines and service client requirements, especially with the old RTB513 maturity. We will see how the new RTB519 trades this week but with a coupon of 6%, picking up on longer duration at above the 6% mark should be good for a longer term play, considering that BSP will cut and the Fed soon to follow in September.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates
Benchmark Tenors

Tenor	BVAL Rate as of August 15, 2025
1M	5.1289
3M	5.2921
6M	5.5066
1Y	5.6592
3Y	5.7361
5Y	5.8469
10Y	6.0066

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