MONTHLY MARKET RECAP

APRIL 2026

EQUITY

The PSEi continued its descent in April following worsening domestic macroeconomic conditions amid unresolved war in the Middle East and the lingering negative sentiment from the corruption scandal. The market further declined by 1.9% MoM (-3.62% YTD) to 5,833.64, also weighed down by a depreciating peso. The Philippine peso reached an all-time low against the US dollar at 61.60/$ before ending the month at 61.48/$, weaker by 1.22% MoM. This caused investors to flock to safe haven assets that are dollar-backed. Total net foreign outflows widened to PhP 12.71 billion.

Domestically, measures were taken to help ease energy price pressures. Earlier in the month, the DOE was able to secure additional fuel supply. Then the government eventually suspended excise taxes on kerosene and LPG, however, exempting diesel and gas. After peaking in the first week, local fuel prices finally saw consecutive rollbacks for the rest of the month as global oil prices eased. From an average of PhP 153/L for diesel and PhP 96.50/L for gasoline, prices went down by 43% to PhP 86/L and 13% to PhP 84.23/L, respectively. The BSP also offered regulatory relief to banks and clients by stretching payments of loans by up to 1 year.

To mitigate inflation, the BSP implemented its first hike after it started cutting rates in August 2024. Key policy rate was raised by 25 bps to 4.50%. This was on the back of a higher projected inflation path which is expected to breach the 4.0% ceiling for both 2026 and 2027. The DTI mandated a price freeze as well on necessities and prime commodities until May 10. Other government efforts included WFH policies, fuel subsidies, toll rebates, and logistics support from Benguet to Metro Manila.

As a confluence of factors weighed on economic growth, economists started to aggressively reduce 2026 growth estimates. Moreover, credit ratings agency Fitch downgraded its outlook on the Philippines to negative from stable. This was mainly due to risks linked to the Middle East war and delays in public investment caused by the flood control scandal.

As for 1Q26 earnings, there are some bright spots but many corporates still failed to meet already downgraded targets. A residential property developer cancelled some projects while others are cutting non-critical capex. Banks are also preemptively raising provisions in anticipation of further pressure on household balance sheets.

On the US-Iran war, the 2-week ceasefire early in the month seems to have created an inflection point for global markets. Despite push-and-pull pronouncements and the continued closure of the Strait of Hormuz, tech heavy markets such as the US, Korea, Taiwan and Japan reached all-time highs. Semiconductor and AI stocks continued their meteoric rise following a strong earnings season and a promising outlook for next year.

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APRIL 2026

FIXED INCOME

April was the first month where we saw the full brunt of the effects of the war in Iran, with inflation figures shooting through the roof due to oil prices, and the exchange rate soaring to new highs. Meanwhile Trump continues his attack on Iran by creating his own blockade in the Strait of Hormuz, though Iran is not backing down.

In the Philippines, March CPI comes in at 4.2% vs 3.8% expected but all eyes are what the April figures will look like. The new 10y is back up to 6.85 while USDPHP hits 60.60. Remolona mentions that second round effects are already evident and In its meeting later in the month the BSP pushes through with a 25bp rate hike and gives guidance that more may be necessary. Despite this USDPHP continues higher to 60.99. In other bad news, Fitch ratings downgrades PH credit outlook to negative, citing a slowdown in investment spending will affect future growth. There was some good news however, as the PH will enter the JPM bond index in January 2027.

In the US, back and forth guessing game continues with Trump threatening to erase the civilization of Iran, and then extending the ceasefire, though there are skirmishes in the Strait of Hormuz.

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