VANTAGE POINT

JULY 13, 2026
MONDAY

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

1 LOCAL EQUITY OUTLOOK

Market Outlook : Cautious bullish

Technicals : Support at 6000 followed by 5700, Resistance at 6200 followed by 6500

Trading Strategy : The index revisited its recent highs as the Philippines remained a beneficiary of the rotation into the broader market. Foreign inflows also provided strong support to the market this week. The gradual moderation in inflation should help boost economic activity, which is positive for consumers.

The PSEi continued to gain traction from the rotation out of AI-tech names and into the broader market. The gradual decline in inflation was also positive for the market. The index consolidated near its recent highs before closing at 6,286.70, up 1.59% WoW. Despite the peso staying around 61.50/$, net foreign inflows expanded to PhP 3.62 billion this week, keeping the market afloat.

Headline inflation in June eased further to 6.4% from 6.8% in May, bringing the YTD inflation to 4.8%. This was due to the decline in food and fuel prices. Increase in transport index slowed while prices of meat, fish, seafood and rice saw a faster decline. This compensated for the increase in utilities. The red-striped soft scale insect (RSSI) infestation in Luzon has been successfully mitigated as well through the interventions of the Sugar Regulatory Authority (SRA). This should help stabilize sugar output in 2H26 after falling by 10% in 1H26.

BSP Governor Eli Remolona Jr. stated in a briefing that the Philippine economy can still absorb another interest rate hike. A 25 bps hike in August will raise the policy rate to 5%. The BSP further noted expectations of a rebound in the government spending which should help push the GDP growth to over 3% in the latter half of 2026.

Meanwhile, global markets turned volatile as tensions in the Middle East resurfaced. The renewed uncertainty followed the exchange of attacks between the US and Iran, coinciding with the funeral of Iran's former Supreme Leader, Ali Khamenei. Crude oil prices jumped after Trump declared an end to the ceasefire. However, prices reverted after the US eventually announced a pause in military strikes signaling a willingness to pursue diplomatic efforts despite recent developments.

Philippine Stock Exchange Index (PSEi) 1-year chart

www.marketwatch.com

2 GLOBAL EQUITY OUTLOOK

Global markets turned volatile due to renewed geopolitical tensions in the Middle East, Fed rate expectations, and persistent AI-tech valuation concerns. The MSCI All-Country World Index (MXWD) was up slightly by 0.2% WoW. In the US, the S&P 500 and Nasdaq gained 1.2% and 1.7% respectively, while Dow Jones corrected by 0.5% after reaching an all-time high. South Korea's KOSPI fell further by 7.6% WoW as blockbuster earnings failed to beat lofty expectations. In contrast, Japan's Nikkei 225 proved relatively more resilient, declining by only 1.7% WoW despite a sharply depreciating Yen. European markets also remained firm as VGK ETF which tracks the FTSE Developed Europe All Cap Index corrected by 1.6% WoW.

Crude oil prices climbed to a multi-week high on Wednesday after President Donald Trump declared an end to the ceasefire. This followed exchanges of military attacks between the US and Iran, while Iran's former Supreme Leader, Ali Khamenei, was laid to rest. Prices eventually pulled back after the US announced a pause in strikes, signaling a willingness to pursue diplomatic efforts despite recent developments.

Meanwhile, the Fed adopted a more hawkish tone in its monetary policy report. It emphasized its commitment to delivering price stability and bringing back inflation below its long-term target of 2%. Price pressures remain a concern amid the rapid expansion of AI-related infrastructure and surging demand for both software and hardware including cloud computing, AI chips, data centers, equipment, and power.

On AI, the sell-off continued even after Samsung reported record 2Q operating profit, which was 19x higher than in the same quarter last year. On the other hand, sentiment conflicted over a strong take up in SK Hynix's US listing which was 7x oversubscribed. However, this diluted SK Hynix's Korea-listed shares, putting pressure on the stock price. Moreover, investors also reassessed their portfolios ahead of the upcoming earnings season and the release of key economic data this week.

MSCI All Country World Index (MXWD) 1-year chart

http://ph.investing.com/indices/msci-world-stock-chart

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3 BOND OUTLOOK

Market Outlook : Defensive

Trading Strategy : With war reigniting again in the Middle East and oil prices rising above $80/bbl, look to stay on the sidelines until we get more clarity.

Sellers reemerge as conflict between the US and Iran sends oil higher again, and the threat of inflation is back. Look for the Fed to be hawkish while the BSP is signaling more rate hikes are on the way. With no clear direction on the war, we would look to remain on the sidelines, as rates have now moved back above the 7% handle while USDPHP is inching back closer to its all time high.

Philippines 10 Year Government Bond

https://www.marketwatch.com/investing/bond/ldbmkph-10y/charts?countrycode=bx&mod=mw_quote_tab

PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of July 10, 2026
1M	4.7554
3M	5.0577
6M	5.5776
1Y	5.9518
3Y	6.6596
5Y	6.9643
10Y	7.2634

https://www.pds.com.ph/government-securities/