VANTAGE POINT

JULY 27, 2026
MONDAY

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

1 LOCAL EQUITY OUTLOOK

Market Outlook : **Neutral**

Technicals : Support at 6200 followed by 6000, Resistance at 6500 followed by 6700

Trading Strategy : The index saw a sharp correction due to escalating tensions across multiple regions, leading to spikes in crude oil and food prices. If prolonged, these macroeconomic headwinds could further weigh on the peso and the market. Prudence may be the better part of valor.

The PSEi erased its 1-week gain, falling to 6,281.01, down 1.92% WoW. This reduced its YTD gain to 3.77%. Market weakness was mainly attributable to rising uncertainty and inflationary pressures stemming from macroeconomic headwinds. Foreign buyers also turned sellers this week as net foreign outflows amounted to PhP 452 million. The currency did not help either as the Philippine peso hit a new record low against the US dollar, closing at 61.85 on Friday.

WTI crude oil prices surged to a 7-week high around $90/bbl as the situation in the Middle East worsened. The US marked its 13th consecutive night of strikes on Iran since the ceasefire announcement, while Iran continued retaliatory attacks on US military sites and commercial ships in the region. Meanwhile, attacks along an alternative shipping route in the Red Sea are fueling the rise in crude oil prices. The Iranian-backed Houthi militants reportedly hit 2 Saudi Arabian oil tankers and threatened to block the crucial Bab Al-Mandab Strait in the Red Sea. Currently, around 3.6 million barrels of oil and fuel exports from Saudi Arabia pass through the alternate route with most headed to Asia. There had been an increase in volume as some shipments were rerouted through it upon the closure of the Strait of Hormuz. A complete blockade would further tighten global oil supply, especially to Asia.

Other than oil, grain commodity prices also surged amid escalating tensions between Russia and Ukraine, and worsening weather conditions. Russia and Ukraine recently had increased strikes on oil infrastructure and vessels in the Black Sea. Wheat prices soared to near multi-year highs due to restricted exports from the region. Meanwhile, corn prices reached a two-month high due to reduced production in Europe aggravated by the impact of El Nino and supply disruptions amid conflicts in the Black Sea. Ukraine and Russia reportedly account for 25% to 30% of global wheat exports while Ukraine alone contributes around 11% of global corn exports.

Philippine Stock Exchange Index (PSEi) 1-year chart

www.marketwatch.com

2 GLOBAL EQUITY OUTLOOK

Global equity markets were mixed this week as investors weighed quarterly earnings of major technology companies, escalating geopolitical tensions, and central bank rate expectations. The MSCI All-Country World Index (MXWD) failed to recover from previous week's decline, ending the week flat. All major US indices were in the red, led by tech-heavy Nasdaq which fell by 1.6% WoW. In Asia, South Korea's KOSPI extended its losses as it was down by 1.9% WoW.

Meanwhile, Taiwan's TAIEX recovered by 2.3% WoW. Japan's Nikkei 225 also edged up by 0.7%. European markets closed higher WoW as the European Central Bank kept policy rates unchanged. The UK's FTSE 100 gained 1.3%, Germany's DAX increased 1.1%, while broader STOXX 600 rose 0.5% WoW.

The selloff in tech stocks was largely driven by aggressive capex spending concerns. Despite earnings beating expectations, investor sentiment deteriorated after two big tech names- Alphabet and Tesla reported a negative free cash flow. Alphabet's free cash flow for the quarter turned negative for the first time ever while Tesla also reported its first negative free cash flow in 2 years. This was due to heavy capital spending on AI-related infrastructure. As a result, the Magnificent Seven lost more than $700 billion in market value in one day. Higher capex spending projections until 2027 also didn't help. Investors anticipate the same for other hyperscalers such as Microsoft, Meta and Amazon in next week's earnings results.

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

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

Meanwhile, WTI crude oil prices climbed to a 7-week high of around $90/bbl due to intensified geopolitical tensions across multiple regions. Apart from the reignited feud and escalated attacks between the US and Iran, concerns expanded to the Red Sea. This was after the Iranian-backed Houthi militants threatened to block the crucial Bab Al-Mandab Strait where most ships headed to Asia rerouted upon the closure of the Strait of Hormuz. Grain commodity prices also surged amid brewing tensions again between Russia and Ukraine in the Black Sea. With energy prices adding to inflationary pressures, investors are now focused on Fed Chair Kevin Warsh's statement at the policy meeting on July 29.

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3 BOND OUTLOOK

Market Outlook : Defensive

Trading Strategy : We remain defensive as fighting between Iran and US intensifies again and of Iran military targets and oil tanker traffic through the SOH grinds to a halt again. For now markets are wary of adding any risk and would rather wait on the sidelines. We remain defensive and are keeping cash for now.

With oil back up at $100/bbl, the PH gets a double whammy again of high fuel prices which will lead to second round price effects, but low growth due to slow government spending and pain from the domestic consumer. BSP has also indicated that it would need to raise the key rate again to combat inflation. For now with all the negative sentiment, it would be better to wait for clearer developments to scale in on bonds.

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 24, 2026
1M	4.7819
3M	5.0628
6M	5.4814
1Y	5.9696
3Y	7.0351
5Y	7.4015
10Y	7.6050

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