VANTAGE POINT

OCTOBER 05, 2026
MONDAY

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

1 LOCAL EQUITY OUTLOOK

Market Outlook : **Cautious**

Technicals : Support at 5700 followed by 5580, Resistance at 6000 followed by 6200

Trading Strategy : The PSEi reached an 11-month low, near its intermediate bottom of 5,584 reached last November. While even more value is emerging, one must be very selective in increasing equity exposure as macro factors are all tilted against the Philippines.

The PSEi dipped to an 11-month low of 5,629.03, down 3.38% WoW due to higher inflation expectations and continued peso weakness. The Philippine Peso closed lower at PhP 62.54 against a stronger dollar. Net foreign selling also widened to PhP4.57 billion this week. Multi-decade highs in bond yields are also weighing on equities as an asset class.

Faster headline inflation is expected in September at 6.4% to 7.4%, higher than in August at 6.1%. According to the BSP, higher prices are likely driven by weather-related increases in the prices of vegetables, fish, rice and fruits. Higher oil prices and the peso depreciation may have also contributed. Actual inflation report will be released on October 6. Moreover, the Purchasing Manager's Index (PMI) declined to 49.6 in September from 54.9 in August. The hike in prices due to higher input costs due to a weaker peso and higher oil prices weighed on new orders and tighten international competition.

Meanwhile, the Department of Agriculture reported that El Nino has started affecting agricultural areas in different regions in the Philippines. Agricultural damage has already reached PhP6.87 billion or 45% of the reported losses during the El Nino in 2024. The phenomenon is expected to continue until the first half of next year.

The local sugar industry groups are proposing higher taxes for sweetened beverages using artificial sweeteners and lower taxes on sweetened beverages using locally produced sugar. This would benefit sugar producers in the Philippines but will be detrimental to the margins of beverage manufacturers, some of which are listed.

Philippine Stock Exchange Index (PSEi) 1-year chart

www.marketwatch.com

2 GLOBAL EQUITY OUTLOOK

Global markets were mixed this week due to the rise of the dollar, the continued surge in bond yields, and developments in the Middle East. The MSCI All-Country World Index (MXWD) corrected by 0.72% WoW to 1,139.9. US markets were mixed with S&P 500 declining, Dow Jones underperforming vs the benchmark and Nasdaq modestly gaining WoW. In Asia, South Korea's KOSPI continues to consolidate while Taiwan's TAIEX maintained its uptrend.

Japan's Nikkei 225 gained momentum as the yen depreciated and semiconductor equipment stocks rose. On the other hand, European markets declined as bond yields rose to multi-year highs on the back of a weaker EUR and GBP against a stronger dollar. Social unrest in France also affected European assets as a group. There are growing concerns over the France-Germany OAT-Bund spread, which has widened to near crisis levels.

AI and tech-led markets benefited from the rally in the semiconductor space. Advantest, a Japanese leading manufacturer of semiconductor test equipment, surged to a new record high due to optimism over chipmakers and the AI trade. This was driven by Micron's better-than-expected earnings and higher guidance for the next period.

The US reported an underwhelming labor report in September which came in at only 35% of analysts' expectations. Moreover, The Personal Consumption Expenditures Price Index rose by 0.3% MoM. Annual inflation in August was lower at 3.4% than economists' projection of 3.7%. These reduced the odds of a rate hike by the Fed later in October. However, expectations of another rate hike this year remain.

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 : Market is on the sidelines as banks are busy with the offer period of the new 2.5y RTB which came out at 6.875. Bonds in the same vicinity of the RTB have adjusted higher accordingly, but there is definitely demand on the belly of the curve at levles above 7%. For now, we remain on hold due to additional supply from the RTB.

Market is quiet due to the offer period of the RTB. Meanwhile UST yields continue their rise higher, reflecting the hawkish mood of the Fed. With oil prices stuck around 100, and with no new good developments in Iran, inflation could see a spike again. Also with new supply coming in from the RTB, local bond yieds look like they will be sticky around this level with a risk to go higher for now. We advise to still remain on the sidelines to wait for better levels.

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 October 02, 2026
1M	5.1545
3M	5.5212
6M	5.8248
1Y	6.1570
3Y	7.0691
5Y	7.4228
10Y	7.6582

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