

# MARKET BLUEPRINT



WEEKLY NEWSLETTER

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## WHAT'S HOT?

By EastWest Trust & Asset Management Group >>>>

### BONDS

Local bond yields declined for the fifth consecutive week, falling by 1.213 basis points week-on-week (wow), despite higher-than-expected inflation. De-risking and shortening of duration were observed, with strong demand for the 6-month bonds. Local yields are expected to track U.S. Treasuries due to a lack of local catalysts. Similarly, U.S. Treasury yields dropped significantly by an average of 12.3 basis points, with all tenors lower week-on-week. The 10-year yield hit a 5-month low as concerns about the impact of tariffs on the economy, a disappointing jobless claims report on Thursday, and a worse-than-expected Labor Department report on Friday caused market turmoil.

### STOCKS

The PSEi continued its downward trend for the fourth consecutive week, falling by 6.44 points week-on-week to close at 6,149.13. Trading volume decreased by 11 billion pesos, settling at 26 billion pesos, as net foreign selling persisted.

We expect the market to remain defensive amid the escalating conflict between Russia and Ukraine, with Russia launching its largest airstrike of the war, which set a government building ablaze. Meanwhile, the VIX saw a minimal decline of 0.18 points, ending at 15.18, remaining well below its 35-year average of 19.47. The low VIX reflects a risk-on sentiment in the US stock market, bolstered by growing expectations that the Federal Reserve will implement an interest rate cut later this month.

### FOREIGN EXCHANGE

The peso appreciated by 0.215 centavos, closing at Php56.915, compared to the previous week, as weaker-than-expected U.S. jobs data fueled expectations of a rate cut by the Federal Reserve this month. We anticipate the USD/PHP pair will continue to appreciate as the market prices in a Fed rate cut next week. Meanwhile, the U.S. Dollar Index remained largely unchanged, edging up slightly to 97.768 from the previous week, reinforcing its status as a safe-haven asset amid ongoing geopolitical tensions.



Source: Shpak, S. (2020, August 17). The silhouette of tower type pumping unit. Unsplash. Ardian Pranomo. (2025, March 24). Saving the world through financial investment. Unsplash.com; Unsplash.  
<https://unsplash.com/photos/saving-the-world-through-financial-investment-0d2uQeLuEGU>

## If America goes after India's oil trade, China will benefit

A crackdown on Russian crude would have knock-on consequences:  
Insights from The Economist

India has become a major importer of discounted Russian oil since Western countries boycotted it in 2022, benefiting from low prices and exporting refined fuels for profit. However, U.S. pressure is mounting: President Trump imposed a 25% tariff on Indian goods and Congress is considering harsher penalties on countries buying Russian oil. The EU also plans to ban imports of refined products made from Russian crude.

If the U.S. forces India to stop buying Russian oil, India would struggle to quickly replace it, driving up global oil prices and hurting its refiners' profits. In contrast, China would benefit: it could buy more cheap Russian oil, face fewer risks from U.S. sanctions, and outcompete Indian refiners.

Ultimately, while India could adjust over time, its refiners would lose out, and China would emerge as the main winner if America cracks down on India's Russian oil trade.

	5-Sep	1Wk% or bps Chg	1Mo% Chg or bps Chg	1Yr% Chg or bps Chg
<b>Bonds</b>				
3MBVAL yield	5.46	-0.56	0.00	-0.55
10Y BVAL yield	6.00	-0.01	-0.14	-0.09
10Y & 3MBVAL difference	0.54	0.54	-0.13	0.46
3M US yield	4.07	-0.16	-0.27	-1.08
10Y US yield	4.10	-0.13	-0.12	0.37
10Y & 3M US difference	0.03	0.03	0.15	1.45
<b>Stocks</b>				
PSEI	6,149.13	-0.10	-3.22	-10.98
PSEI Total Return Index	2,670.39	0.06	-2.82	-8.02
S&P 500	6,481.50	0.33	2.89	17.77
VIX	15.18	-1.17	-14.96	-23.72
Dow Jones	45,400.86	-0.32	2.92	11.40
NASDAQ	21,700.39	1.14	3.75	26.70
Hang Seng Index	25,417.98	1.36	2.07	45.71
CSI 300 Index	4,460.33	-0.81	8.70	36.91
MSCI AC Asia Pacific Index	213.50	0.95	3.48	17.46
MSCI Asia ex-Japan	835.48	1.44	2.43	21.53
MSCI EM	1,276.05	1.40	2.40	18.58
MSCI EAFE	2,727.86	0.20	3.77	14.00
MSCI World - DM	4,191.23	0.32	3.15	17.48
MSCI All-Country World	955.71	0.44	3.07	17.60
<b>Currencies</b>				
USD/PHP	56.92	-0.39	-1.27	1.23
USD/JPY	147.43	0.26	-0.13	2.77
USD/THB	32.19	-0.62	-0.59	-4.38
USD/IDR	16,420.00	-0.42	0.24	6.64
USD/EUR	0.85	-0.28	-1.22	-5.18
USD/GBP	0.74	-0.04	-1.56	-2.44
USD/CHF	0.80	-0.31	-1.19	-5.45
USD/AUD	1.53	-0.27	-1.29	2.80
MSCI EM Currency Index	1,836.66	0.11	0.24	4.24
US Dollar Index	97.77	0.00	-1.03	-3.30
<b>Commodities</b>				
Crude Oil (WTI Cushing)	61.87	-3.34	-5.05	-10.53
Crude Oil (Brent)	65.50	-3.85	-3.16	-9.89
Gold	3,586.69	4.02	6.10	42.51
Thai Rice	372.00	0.54	-3.88	-37.16
Vietnam Rice	406.00	-0.61	0.87	-30.15
Bloomberg Commodity Index	102.43	-0.35	2.12	7.64



## LOCAL NEWS

### PH Economic Snapshot: Philippine Inflation Up to 1.5% in August, Lending Slows, and Reserves Strengthen



Source: Unsplash. (2020, May 16). Photo by Anne Nygård on Unsplash. Unsplash.com. [https://unsplash.com/photos/brown-and-white-paper-bag-OtqaCE\\_SEMI](https://unsplash.com/photos/brown-and-white-paper-bag-OtqaCE_SEMI)

Headline inflation rose to 1.5% in August from 0.9% in July, bringing the year-to-date average to 1.7%, which remains below the government's 2-4% target. The increase was driven by higher food and fuel prices, although rice prices declined due to favorable supply conditions and government interventions. The BSP expects inflation to stay below target in 2025 before returning to target in the following years and will continue monitoring risks to ensure price stability.

Outstanding loans from universal and commercial banks (U/KBs) rose in July, though the year-on-year growth slowed to 11.8% from 12.1% in June, with a seasonally adjusted month-on-month increase of 0.7%. Lending to residents grew by 12.4%, while loans to non-residents declined further by 8.1%; business loans rose at a slower pace, particularly in sectors like real estate, utilities, and finance, while consumer loans grew by 23.6%. The BSP emphasized it will continue monitoring lending trends to ensure alignment with its monetary policy and financial stability goals.

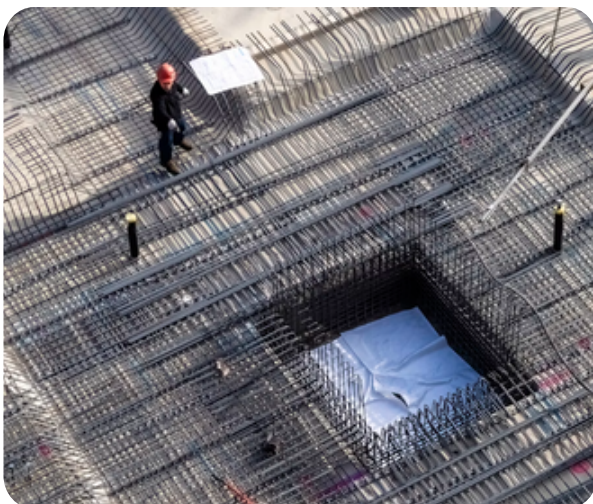
The Philippines' gross international reserves (GIR) rose to US\$105.9 billion in August 2025 from US\$105.4 billion in July, driven by higher global gold prices and income from BSP investments. This level of reserves provides a strong external buffer, covering 7.2 months of imports and 3.4 times the country's short-term external debt. GIR, which include foreign securities, foreign exchange, and gold, help stabilize the currency and support the country's external obligations.

Domestic liquidity (M3) in the Philippines rose by 6.2% year-on-year to Php 18.6 trillion in July, accelerating from June's 5.9% growth, with a 0.9% increase month-on-month on a seasonally-adjusted basis. This growth was supported by a 10.5% rise in claims on the domestic sector, driven by expanded bank lending to the private sector, while net claims on the central government and net foreign assets showed mixed trends. The Bangko Sentral ng Pilipinas (BSP) stated it will continue to manage liquidity to support price and financial stability.



## CORPORATE NEWS

### Corporate Snapshot: SM Supermalls to Invest Over P150 Billion in Redevelopment and New Mall Projects; Ayala Land Premier Unveils Ultra-Luxury Laurean Residences; and Globe Telecom Partners with Bolttech



Source: Haidar, S. (2021, September 13). Man in black jacket walking on sidewalk during daytime. Unsplash. <https://unsplash.com/photos/HXBP4Nud8PQ>

SM Supermalls is allocating over P150 billion in capital expenditure over the next five years to fund 16 major redevelopments and 12 new lifestyle malls, with a focus on creating greener, more innovative destinations. The investment includes significant upgrades to SM Megamall and SM North Edsa, incorporating features like parking expansions and sustainable designs, while new malls like SM City La Union and SM City Zamboanga are also in the pipeline. The company aims to expand its portfolio to 100 malls by 2027, with flagship malls planned across the Philippines, from Luzon to Mindanao.

Ayala Land Premier (ALP) is launching its ultra-luxury development, Laurean Residences, in Makati City, targeting the high-end residential market with a focus on sustainability. The 65-story tower will feature 388 units, including suites and villas, with amenities managed by Ayala Land Hospitality, and will incorporate EV charging stations and other eco-friendly designs. Located in the heart of the Makati Central Business District, the project offers an urban sanctuary with access to green spaces and nearby attractions, set for completion by March 2033.

Globe Telecom has partnered with insurtech company Bolttech to launch Flagship Forever, a program that offers customers the flexibility to upgrade to the latest flagship smartphones annually without pre-termination fees. The initiative is aimed at making premium phones more accessible and includes complete device protection, allowing users to trade in their current phones easily. Despite a 29.46% decline in its second-quarter net income, Globe is expanding its mobile subscriber base and enhancing connectivity in Metro Manila.



## GLOBAL NEWS

### Global Economic Concerns: US Job Market Weakens as Unemployment Hits 4.3%; China's RatingDog PMI Signals Manufacturing Growth; and ECB to Hold Interest Rates Steady Amid Inflation Concerns and Economic Uncertainties



The US job market showed signs of weakness in August, with only 22,000 jobs added and the unemployment rate rising to 4.3%, the highest in nearly four years. This weak data, along with concerns over the impact of President Trump's policies, is expected to lead to a potential interest rate cut by the Federal Reserve later this month.



The China RatingDog PMI, formerly known as the S&P PMI, may have correctly indicated the economy's direction but overstated the scale of its recovery. While it showed manufacturing expanding, this contrasted with the weaker results in the official survey and Bloomberg Economics' high-frequency data. The RatingDog PMI still suffers from small sample sizes and high volatility, with its latest reading of 50.5 compared to the official PMI's contraction signal of 49.4.



The European Central Bank (ECB) is unlikely to lower interest rates further, with projections indicating inflation will remain at target over the medium term, and the deposit rate is expected to stay at 2% through at least the end of 2024. While the ECB remains cautious about external risks and domestic demand, analysts are split on whether inflation will overshoot or undershoot the 2% target, though most do not expect a rate cut this year. As economic uncertainties, including trade deals and geopolitical challenges, persist, the ECB is focused on staying data-dependent while avoiding signals of future rate hikes that could disrupt market stability.



Source: Foster, J. (2020, July 13). White and black typewriter on green grass during daytime [Photograph]. Unsplash.



## OUTLOOK

- We expect financial markets to stay defensive with a downward bias in equities
- Market will be guided by US macro data this week
- Geopolitical landscape will add volatility this week- Ukraine -Russia
- Local market will be undermine by delay in infra budget
- PSEi should trade in the 6000 to 6250 range



## STRATEGY

- Continue to build positions on dividend paying big-cap stocks
- Take advantage of the rise in yield particularly on the bellies
- Stay selective on the buying, focusing on the undervalued counters

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- Bloomberg articles

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