

MARKET BLUEPRINT



WEEKLY NEWSLETTER

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WHAT'S HOT?

By EastWest Trust & Asset Management Group >>>>

BONDS

Local bond yields declined for the sixth consecutive week, falling by 4.05 basis points week-on-week (wow), on growing Fed cut bets as US weekly jobless claims approach four-year high. The current sentiment influenced the steepening of the yield curve, with the 2 yr declining by 3 bps while the 25 yr increasing by 1 bp. Local yields are expected to trade sideways with downward bias until US easing direction becomes clear after the Fed meeting on September 16-17. Similarly, U.S. Treasury yields fell by an average of 1.5 bps, while 10-year and longer maturities fell an average of 7 bps as investors locked in higher yields ahead of a potential decline.

STOCKS

The PSEi closed the week in negative territory for the fifth straight week, slipping 39.92 points week-on-week to 6,109.21, weighed down by weak local economic data—including higher July unemployment, slower growth in banking assets and loans—as well as corruption scandals. Trading volume reached ₱32 billion, in line with the average, though net foreign selling persisted for the fourth consecutive week. Investors are expected to remain cautious ahead of the U.S. Federal Reserve's rate decision. Meanwhile, the VIX edged lower by 0.42 point to 14.76, as risk-on sentiment held steady amid unchanged expectations for Fed rate cuts.

FOREIGN EXCHANGE

The peso declined by 0.185 centavos week-on-week, closing at ₱57.10, following higher-than-expected U.S. inflation data for August. Similarly, the U.S. Dollar Index eased by 0.22 points to 97.55, as rising expectations of a Fed rate cut dampened dollar demand. The USDPHP pair is likely to remain supported by typical mid-month demand.



Macanaya, C. (2023, April 6). two hands reaching for a flying object in the sky. Unsplash.
<https://unsplash.com/photos/two-hands-reaching-for-a-flying-object-in-the-sky-X9Cemmq4YjM>

To survive the AI age, the web needs a new business model

Artificial intelligence has undermined the internet's central bargain:

Insights from The Economist

AI-powered search tools like ChatGPT and Google's AI summaries are reshaping how people find information, but this shift is draining web traffic from traditional sites, threatening the ad-based model that funds much of online content. News, reference, health, and community platforms like Wikipedia, Stack Overflow, and Reddit have all seen sharp declines in visitors, raising fears that incentives to create and share content are collapsing. While new models such as content licensing, paywalls, or charging AI bots for access are emerging, without sustainable solutions the open web risks a "tragedy of the commons" where content creation dries up, harming both publishers and AI companies alike.

	12-Sep	1Wk% or bps Chg	1Mo% Chg or bps Chg	1Yr% Chg or bps Chg
Bonds				
3MBVAL yield	5.45	-0.55	0.01	-0.55
10Y BVAL yield	5.97	-0.03	-0.12	-0.17
10Y & 3MBVAL difference	0.52	0.52	-0.13	0.38
3MUS yield	4.08	0.01	-0.25	-0.98
10Y US yield	4.06	-0.04	-0.23	0.38
10Y & 3MUS difference	(0.02)	-0.05	0.02	1.36
Stocks				
PSEI	6,109.21	-0.65	-2.87	-13.03
PSEI Total Return Index	2,661.35	-0.34	-2.17	-9.85
S&P 500	6,584.29	1.59	2.15	17.67
VIX	14.76	-2.77	0.20	-13.53
Dow Jones	45,834.22	0.95	3.09	11.53
NASDAQ	22,141.10	2.03	2.12	26.02
Hang Seng Index	26,388.16	3.82	5.68	53.06
CSI 300 Index	4,522.00	1.38	9.13	42.54
MSCI AC Asia Pacific Index	220.29	3.18	4.74	20.91
MSCI Asia ex-Japan	872.03	4.37	6.23	26.36
MSCI EM	1,325.73	3.89	5.45	23.25
MSCI EAFE	2,758.96	1.14	2.41	15.53
MSCI World - DM	4,252.63	1.46	2.31	17.76
MSCI All-Country World	972.15	1.72	2.64	18.33
Currencies				
USD/PHP	57.12	0.35	0.07	1.66
USD/JPY	147.68	0.17	-0.11	4.13
USD/THB	31.71	-1.49	-1.92	-6.04
USD/IDR	16,378.00	-0.26	0.55	6.14
USD/EUR	0.85	-0.14	-0.50	-5.63
USD/GBP	0.74	-0.34	-0.42	-3.18
USD/CHF	0.80	-0.18	-1.23	-6.41
USD/AUD	1.50	-1.37	-1.79	1.11
MSCI EM Currency Index	1,845.67	0.49	0.51	4.84
US Dollar Index	97.55	-0.22	-0.56	-3.76
Commodities				
Crude Oil (WTI Cushing)	62.69	1.33	-0.76	-9.11
Crude Oil (Brent)	66.99	2.27	1.32	-6.92
Gold	3,643.14	1.57	8.81	42.43
Thai Rice	372.00	0.54	-3.88	-37.16
Vietnam Rice	402.25	-0.92	-0.68	-31.03
Bloomberg Commodity Index	103.79	1.33	3.54	8.50



LOCAL NEWS

Economic Pressures Mount: Jobless Rate Hits 3-Year High, Debt Nears \$149B, FDI and Bank Growth Slow, NAIA Hikes Terminal Fees



Meg, C. +. (2023, January 18). a sign that says no vacancy on it. Unsplash. <https://unsplash.com/photos/a-sign-that-says-no-vacancy-on-it-4gmCTGZlWEs>

Unemployment in June rose to a three-year high of 5.3 percent, up from 4.74 percent in the same period last year, as extreme weather conditions disrupted economic activity. Job quality also worsened, with an additional one million Filipinos seeking extra work or longer hours to supplement their income, while the average workweek inched up to 42 hours from 41.1 hours.

The Philippines' external debt rose to \$148.87 billion as of end-June 2025, up 14.4% from \$130.318 billion a year earlier. The increase was driven largely by government bond issuances (\$5.83B), external borrowings by local banks (\$3.44B), valuation effects from a weaker US dollar, and some net acquisition of foreign-denominated debt securities. Despite the rise, the debt was deemed sustainable at 31.2% of GDP, supported by strong gross international reserves (~\$106B) and a manageable debt service ratio.

Net inflows of foreign direct investments (FDIs) fell by 17.8 percent to US\$376 million in June 2025 compared to the same period last year. The decline was driven by substantial outflows of nonresidents' equity capital investments, which were not fully offset by higher placements in debt instruments and reinvested earnings. Equity capital inflows were directed mainly toward manufacturing, real estate, and wholesale and retail trade.

The Philippines' largest universal and commercial banks saw slower growth in both assets and loans during Q2 2025, with assets up 9.05% year-on-year (vs. 10.7% in Q2 2024) and loans rising 12.38% (down from 14.01% a year ago). This moderation reflects weaker economic output despite benefits from low inflation and reduced borrowing costs. Meanwhile, banks' nonperforming loans increased, profitability (as measured by return on equity) declined, but capital adequacy and leverage ratios remained comfortably above regulatory minimums.

The Ninoy Aquino International Airport's operator, New NAIA Infrastructure Corp. (NNIC), raised terminal fees for the first time in 20 years in order to support operations and upgrade its facilities. The international departure fee jumped from ₱550 to ₱950, while the domestic fee increased from ₱200 to ₱390. Despite the increase, NNIC and the government say NAIA's rates will still be comparable to other local airports and remain among the lowest in Asia.



CORPORATE NEWS

Corporate Snapshot: Maynilad Secures Power Deal with MPower; Megaworld Expands Lifestyle Malls; and ERC Approves Original Rates for Meralco Supply Deals with SMGP, ACEN



Mils, A. (2023, March 28). a solar panel on top of a building with wind turbines in the background. Unsplash. <https://unsplash.com/photos/a-solar-panel-on-top-of-a-building-with-wind-turbines-in-the-background--8wR2EEd6GE>

Maynilad has partnered with MPower, Meralco's retail electricity supplier, to power more than 50 of its water and wastewater facilities under the government's retail aggregation program. The company will initially use an energy mix of about 90% non-renewable and 10% renewable power while implementing energy-management measures to prepare for a larger share of clean energy. This initiative supports Maynilad's goal of becoming carbon neutral by 2037, with interim targets of raising renewable energy use to 15% in the short term and up to 35-50% by 2037.

Megaworld, through its retail arm Megaworld Lifestyle Malls, is set to expand its commercial portfolio in 2025 with over 30,000 square meters of additional leasable retail space, driven by strong demand for premium locations. The new developments include The Shoppes at Park McKinley West in Taguig, a mall at Vion Tower in Makati, retail expansions in Alabang West in Las Piñas, and the Newcoast Beachwalk in Boracay Newcoast, which will offer a mix of dining, retail, and lifestyle services for both locals and tourists. These projects align with the company's target of reaching one million square meters of gross leasable area by 2030, supported by a 10% year-on-year growth in leasing revenues fueled by robust foot traffic and demand from top-tier tenants.

The Energy Regulatory Commission (ERC) has approved Manila Electric Co.'s (Meralco) power supply agreements with San Miguel Global Power (SMGP) and ACEN at their originally proposed rates, covering a total renewable capacity of 479 megawatts. Under the contracts, San Roque Hydropower, Inc. will supply 340 MW at ₱7.10 per kilowatt-hour, while ACEN's Gigasol 3, Inc. will provide 139 MW at ₱8.1819 per kWh. These deals, part of Meralco's competitive selection process to meet a 500-MW renewable energy requirement, restore the original rates after previously being subjected to lower provisional charges.



GLOBAL NEWS

Global Economy: U.S. Inflation Accelerates in August on Higher Airfare, Hotel Costs; ECB Holds Rates Steady, Signals Possible December Cut Amid Weak Outlook; and Global Market Faces Largest Oil Glut in 30 Years as Supply Outpaces Demand



U.S. Inflation picked up in August, with headline CPI rising 0.38% and core CPI up 0.35% — both the fastest monthly gains since January. The acceleration wasn't driven by tariffs, as their pass-through to core goods has slowed, but rather by higher prices for discretionary services like airfares and hotels. These increases were indirectly fueled by easier financial conditions following tariff reductions under the Trump administration's trade deals.



The European Central Bank kept interest rates steady at its September meeting but introduced slightly dovish language in its policy statement. Bloomberg Economics expects growing signs of economic weakness to pave the way for a final rate cut in December. Meanwhile, ECB staff economists revised their medium-term inflation forecasts lower, trimming headline inflation to 1.9% and core inflation to 1.8% by 2027.



Oil prices are projected to decline and could reach \$55 in 2026 as OPEC+ continues raising production despite an already oversupplied market. The group has lifted its production ceiling by more than 2 million barrels per day since April and recently approved another hike, defying traders' expectations of a pause. Combined with weak demand from global tariffs and sufficient output from non-OPEC producers, the world faces one of the largest oil gluts in three decades.



Burival, Z. (2018, January 17). sunset. Unsplash. <https://unsplash.com/photos/sunset-GrmwVnV5SdU>



OUTLOOK

- Equities market will continue to trade sideways with a downward bias
- Bonds is expected to stay flat this week especially on the long-end
- US Fed policy will dictate overall market
- Local political issues on corruption will continue to keep the market defensive



STRATEGY

- For short term horizon, we advise to stay on the sidelines
- For longer term view, stay selective on the stock picks
- Focus on the oversold big cap stocks and dividend paying
- For a 2 year horizon, stay on the longer-dated tenor

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