

MARKET BLUEPRINT



WEEKLY NEWSLETTER

Issue 7 : Oct 9, 2025

WHAT'S HOT?

By EastWest Trust & Asset Management Group >>>>

BONDS

Selling pressure persisted for the second consecutive week, with yields rising an average of 3 basis points week-on-week, as the market remained cautious following the U.S. government shutdown due to lawmakers' failure to pass a short-term spending plan. Short-end rates were mixed, while yields in the belly and long end of the curve increased, with the exception of the 10-year yield. The yield curve bear-flattened, as the 2-year yield rose by 3 basis points and the 10-year yield remained mostly sideways but slightly negative. This week, market direction will likely be influenced by the September Philippine inflation data.

STOCKS

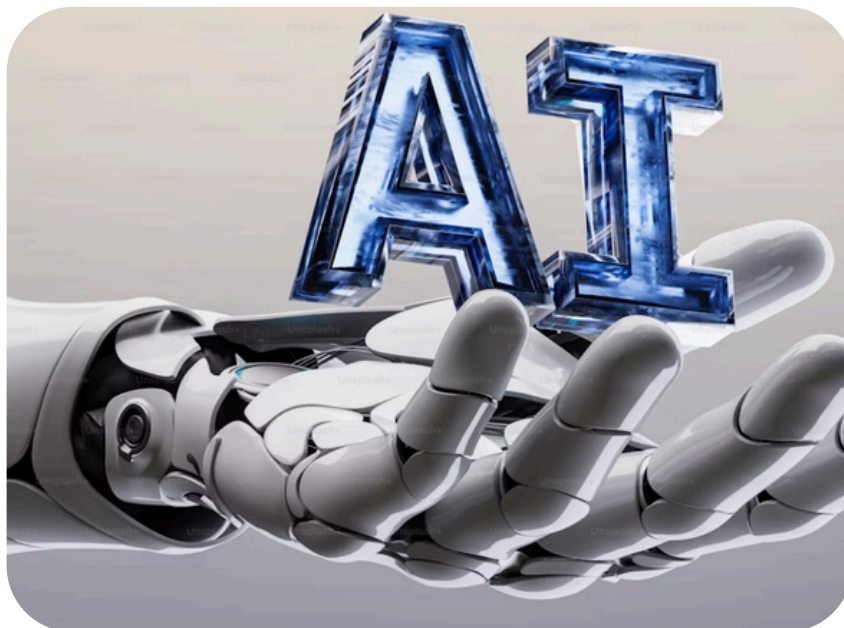
The bellwether index rose 81.74 points to 6,108.86 at the end of the week, as investors continued their buying spree for the third consecutive day. Despite this, value traded fell by 15 billion pesos, and foreign investors turned net sellers.

Meanwhile, the VIX index showed signs of increased volatility, rising 1.36 points to 16.65. Even though major U.S. stock indices, including the S&P 500 and Nasdaq, reached record highs—driven by optimism surrounding artificial intelligence advancements and expectations of potential interest rate cuts—the uptick in the VIX indicated that investors remained cautious amid ongoing economic uncertainties, such as the U.S. government shutdown and delayed economic data releases.

FOREIGN EXCHANGE

The USD/PHP pair appreciated by 0.225 centavos to ₱57.875 week-on-week, as the DXY index declined 0.429 points to 97.723 over the same period. Supporting the peso's strength were higher domestic bond yields and a resilient PSEI.

The weakness in the U.S. dollar was largely driven by the government shutdown and the resulting delays in key economic data, which heightened concerns about the U.S. economic outlook.



Unknown author. (n.d.). A robot hand holding a letter that says "AI" [Photograph]. Unsplash. <https://unsplash.com/photos/a-view-of-a-large-open-pit-in-the-middle-of-nowhere-4Gf51uY0YOE>

Can Nvidia persuade governments to pay for "sovereign" AI?

Politicians are warming to the idea: Insights from The Economist

Nvidia CEO Jensen Huang has been promoting the concept of "sovereign AI," urging countries to build national AI systems trained on local data and aligned with domestic values. Governments in Europe, the Middle East, and Asia have embraced the idea, investing billions to develop local AI infrastructure—projects that could generate up to \$200 billion–\$1 trillion in revenue for Nvidia. While these initiatives aim to boost national control over data, protect privacy, and expand AI access, critics argue they will not achieve true independence from U.S. technology and may waste public funds, as Nvidia and other American firms still dominate the essential AI hardware market.

	3-Oct	1Wk% or bps Chg	1Mo% Chg or bps Chg	1Yr% Chg or bps Chg
Bonds				
3MBVAL yield	5.36	-0.66	0.01	-0.04
10Y BVAL yield	6.02	0.00	-0.01	0.31
10Y & 3MBVAL	0.66	0.66	-0.02	0.34
3M US yield	4.03	0.01	-0.15	-0.65
10Y US yield	4.13	-0.07	-0.09	0.28
10Y & 3M US difference	0.10	-0.08	0.06	0.93
Stocks				
PSEI	6,108.86	1.36	0.43	-17.32
PSEI Total Return Index	2,625.55	-0.04	-0.46	-15.51
S&P 500	6,715.79	1.09	4.15	17.82
VIX	16.65	8.89	1.83	-18.74
Dow Jones	46,758.28	1.10	3.28	11.30
NASDAQ	22,780.51	1.32	5.97	27.13
Hang Seng Index	27,140.92	3.88	7.09	22.73
MSCI AC Asia Pacific	224.24	2.75	6.56	15.04
MSCI Asia ex-Japan	900.08	4.15	8.47	17.11
MSCI EM	1,373.89	3.64	8.44	17.12
MSCI EAFE	2,810.41	2.50	4.58	16.13
MSCI World - DM	4,337.29	1.43	4.29	17.99
MSCI All-Country World	993.21	1.66	4.72	17.92
Currencies				
USD/PHP	57.88	-0.43	0.99	2.64
USD/JPY	147.47	-1.35	-0.43	0.37
USD/THB	32.39	0.47	0.14	-2.12
USD/IDR	16,540.00	-1.20	0.76	7.26
USD/EUR	0.85	-0.34	-0.69	-6.06
USD/GBP	0.74	-0.58	-0.27	-2.64
USD/CHF	0.80	-0.26	-1.03	-6.69
USD/AUD	1.51	-0.95	-0.93	3.56
MSCI EM Currency	1,845.32	0.40	0.68	3.48
US Dollar Index	97.72	-0.44	-0.43	-4.18
Commodities				
Crude Oil (WTI Cushing)	60.88	-7.36	-4.83	-17.41
Crude Oil (Brent)	64.53	-7.99	-4.54	-16.86
Gold	3,886.54	3.37	9.19	46.34
Thai Rice	362.00	-2.43	0.00	-28.88
Vietnam Rice	400.25	-0.56	-0.81	-31.38
Bloomberg Commodity Index	105.35	0.24	1.86	2.98



LOCAL NEWS

Economic Forces at Play: Palace Ends Rice Price Cap to Restore Market Stability; DA Approves Limited Vegetable Imports; Government Debt Service Soars to ₱665 B in August; Domestic Liquidity Expands 6.6% in August; and BSP Sees BOP Deficit Through 2026



Doe, J. (2021, July 15). Green and brown vegetables on wooden table [Photograph]. Unsplash. Images, G. (2024, December 4). Panoramic cityscape of Indonesia capital city Jakarta at sunset. A rare clear day in the polluted city. Unsplash. <https://unsplash.com/photos/panoramic-cityscape-of-indonesia-capital-city-jakarta-at-sunset-a-rare-clear-day-in-the-polluted-city-mC7HevOxcls>



CORPORATE NEWS

Corporate Snapshot: SEC Eyes Expanded REIT Framework to Include Infrastructure, Energy, and Telecom Assets; DOE Clears Meralco's Competitive Bidding for 200 MW Renewable Baseload Supply; and Ayala Partners with UAE's Spinneys to Launch Premium Grocery Stores



Henderson, M. (2020, January 21). Green plant in clear glass vase [Photograph]. Unsplash. Moreno, M. (2015, October 16). sunloungers fronting buildings near mountain. Unsplash. <https://unsplash.com/photos/sunloungers-fronting-buildings-near-mountain-DGaoLQ0yDPc>

President Ferdinand Marcos Jr. lifted the price ceiling on regular and well-milled rice that had been imposed in September 2023 to curb rising prices. The move followed criticism that the cap discouraged traders and disrupted supply, while harvest season and market forces were already expected to ease prices. The government said it would instead focus on targeted assistance, including aid for poor households in Metro Manila and financial support for small rice retailers affected by the cap.

The Department of Agriculture authorized limited imports of vegetables such as onions, carrots, and broccoli to stabilize prices and offset supply disruptions caused by bad weather. The DA said the measure was meant to temporarily ease price pressures on consumers rather than serve as a long-term policy shift. Authorities emphasized that local producers would still be prioritized once domestic production normalizes.

The national government's debt service payments soared to ₱664.7 billion in August 2025, over three times higher than a year earlier, largely due to the maturity of large government securities. About 90% of the payments went to principal amortization, while interest payments rose modestly. Despite the August surge, total debt service from January to August slightly declined year-on-year, keeping the government on track with its ₱2.05-trillion target for 2025.

Domestic liquidity (M3) rose by 6.6% year-on-year to ₱18.6 trillion in August, faster than July's 6.2% growth, driven by increased lending to the private sector and higher government borrowings. Net foreign assets also expanded by 4.8%, while the BSP reaffirmed its commitment to keeping liquidity conditions supportive of price and financial stability.

The Balance of Payments (BOP) is expected to remain in deficit through 2026, with the current account shortfall staying around 3% of GDP due to a widening trade gap, weak services receipts, and cautious capital inflows amid global uncertainty. Despite these pressures, remittances and adequate reserves are seen to provide stability, while recent policy reforms and the BSP's continued vigilance aim to sustain confidence and macroeconomic resilience.

The Securities and Exchange Commission (SEC) is planning to broaden the definition of income-generating assets under the Real Estate Investment Trust (REIT) framework to attract more listings from sectors beyond traditional real estate, such as power, infrastructure, and telecommunications. The proposed amendments would explicitly include assets like toll roads, power plants, and cell towers as eligible properties, recognizing them as immovable or income-producing under the Civil Code. By clarifying and expanding what qualifies as REIT assets, the SEC aims to reduce ambiguity, encourage more companies to tap the REIT market, and strengthen capital market development.

The Department of Energy (DOE) has approved Meralco's plan to hold a competitive selection process (CSP) for a 200 MW renewable baseload power supply, with bidding to begin January 26, 2026. [Philstar.com](https://www.philstar.com) This move aims to replace Meralco's terminated baseload contract with ACEN Corp. [Philstar.com](https://www.philstar.com) Before proceeding, Meralco must comply with recommendations from the Philippine Competition Commission (PCC) and the Energy Regulatory Commission (ERC).

Ayala Corporation is partnering with UAE-based premium grocer Spinneys to bring its first overseas stores to the Philippines, starting with outlets in Metro Manila. [Marketing-Interactive+1](#) The move aims to merge Spinneys' strengths in high-quality fresh food retail with Ayala's local retail, property, and logistics expertise.



GLOBAL NEWS

Global Signals: U.S. Hiring Slows, China's Growth Cools, Japan Faces Policy Uncertainty



U.S. private-sector payrolls fell by 32,000 in September, according to ADP, marking a sharper decline after data adjustments based on government benchmarks. The recalibration, which reduced job estimates by 43,000, reflects continued weakness in hiring across most sectors, especially in construction, manufacturing, and services, though education and health care added jobs. Economists caution that the ADP data may exaggerate labor softness due to opaque methods, but it underscores that employers remain cautious despite earlier economic growth.



China's September PMIs showed the economy is still slowing, though the decline was milder than in August due to improved weather and resumed production after temporary shutdowns. Manufacturing activity contracted at a slower pace, while services weakened and construction remained soft, underscoring weak investment and fading consumer momentum. Economists expect the People's Bank of China to cut rates and the government to deploy targeted fiscal measures to stabilize growth and boost consumption.



Japan's next prime minister may complicate efforts by the Bank of Japan (BoJ) to raise interest rates, especially if the new leader is politically aligned with looser monetary policy. With public debt high and households sensitive to rising borrowing costs, there is likely to be resistance to aggressive rate hikes from within the government. As a result, the BoJ may face pressure to delay or moderate normalization even if inflation and economic conditions justify tighter policy.



Shahjahan, S. (2024, April 4). A woman in a geisha with a fan on her head [Photograph]. Unsplash.
Unsplash. (2021, November 2). a pile of money sitting on top of a wooden floor. Unsplash.
<https://unsplash.com/photos/a-pile-of-money-sitting-on-top-of-a-wooden-floor-o-MyHgEEHoM>



OUTLOOK

- The PSEi's 6,000 level will remain soft and with a downward bias
- Political and peso weakness will continue to weigh on investor confidence
- US government shutdown and delayed economic releases inject further uncertainty
- Locally, investors will be closely monitoring CPI and governance concerns
- Expect bonds yields higher and equities lower this week



STRATEGY

- Continue bargain hunting on select equities
- Focus on the big caps with high dividend yields
- Buy into medium term bonds
- Build positions on the oversold index stocks

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Bloomberg Articles

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