

MARKET BLUEPRINT



WEEKLY NEWSLETTER

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WHAT'S HOT?

By EastWest Trust & Asset Management Group >>>>

BONDS

After seven straight weeks of decline, local bond yields inched up by an average of 0.64 basis point week-on-week, tracking movements in the U.S. market. Short-term tenors, particularly the one-month, fell after BSP Governor Eli Remolona signaled that borrowing costs could be reduced as early as October if demand remains weak. Selling pressure was most evident in the belly of the curve, followed by the long end, contributing to a steeper yield curve. With no significant local economic data scheduled for release this week, yield movements will likely take their cue from USD/PHP dynamics and global bond rate developments, and are expected to exhibit an upward bias, driven by weak sentiment.

In the U.S., Treasury yields rose sharply, up by an average of 4.5 basis points, after revised data showed stronger-than-expected second-quarter GDP growth. Midweek, however, yields eased following Fed Chair Jerome Powell's remarks highlighting a cautious stance on future policy moves, underscoring the delicate balance between containing inflation and addressing signs of labor market weakness.

STOCKS

The bellwether index ended the week in negative territory at 6,027.12, down 237.37 points week-on-week, as bearish sentiment took hold. Market weakness was weighed by corruption allegations tied to infrastructure projects and by Fed Chair Jerome Powell's remarks on the difficult trade-off between controlling inflation and supporting employment. The market is expected to stay cautious due to on-going corruption issues.

Meanwhile, the VIX slipped marginally by 0.16 point to 15.29 by week's end. Mid-week, however, volatility spiked to as high as 16.74, as investor confidence strengthened amid the recent Fed rate cut and uncertainty heightened from incoming economic data regarding the outlook for future rate cuts. Despite these fluctuations, the VIX remains below its long-term average.

FOREIGN EXCHANGE

The USD/PHP pair slipped 0.95 centavos to 58.10 as the U.S. dollar strengthened. Meanwhile, the DXY index climbed 0.508 points to 98.152 compared with the previous week, supported by data indicating U.S. economic resilience, which could complicate the Federal Reserve's plans to cut interest rates. We anticipate the peso may gain support from client demand as they meet their dollar requirements.



De Livera, M. (2021, August 9). a view of a large open pit in the middle of nowhere. Unsplash. <https://unsplash.com/photos/a-view-of-a-large-open-pit-in-the-middle-of-nowhere-4Gf5UyOYQGE>

The spectacular folly of Donald Trump's copper tariffs

Duties on the red metal will undermine the president's wider economic agenda: Insights from The Economist

The Bingham Canyon mine remains America's last major vertically integrated copper site, but the U.S. now produces little copper relative to its demand. President Trump plans a 50% tariff on copper imports to "bring copper home," yet experts say tariffs will not spur new mining or refining—projects are too costly and slow—while they will raise domestic prices, benefiting miners like Freeport-McMoRan but hurting manufacturers, carmakers, and data centers. Without faster approvals and support for delayed projects like Resolution Copper, the policy risks undermining Trump's broader economic agenda by raising costs for industries he hopes to expand.

	26-Sep	1Wk or bps Chg	1Mo Chg or bps Chg	1Yr Chg or bps Chg
Bonds				
3M BVAL yield	5.28	-0.68	-0.16	-0.29
10Y BVAL yield	6.03	0.06	0.01	0.25
10Y & 3M BVAL difference	0.74	0.74	0.17	0.54
3M US yield	4.02	-0.01	-0.26	-0.66
10Y US yield	4.20	0.06	-0.06	0.41
10Y & 3M US difference	0.18	0.07	0.20	1.07
Stocks				
PSEI	6,027.12	-3.79	-1.92	-19.19
PSEI Total Return Index	2,626.52	-3.07	-1.30	-16.27
S&P 500	6,643.70	-0.31	2.75	15.64
VIX	15.29	-1.04	4.58	-0.52
Dow Jones	46,247.29	-0.15	1.83	3.66
NASDAQ	22,484.07	-0.65	4.36	23.60
Hang Seng Index	26,128.20	-1.57	2.36	31.14
CSI 300 Index	4,550.05	1.07	2.19	28.34
MSCI AC Asia Pacific Index	218.23	-1.02	2.65	12.37
MSCI Asia ex-Japan	864.21	-1.62	3.52	14.31
MSCI EM	1,325.58	-1.14	4.03	13.34
MSCI EAFE	2,741.79	-0.43	0.74	10.54
MSCI World - DM	4,276.23	-0.41	2.37	14.34
MSCI All-Country World	976.95	-0.43	2.54	14.84
Currencies				
USD/PHP	58.13	1.76	1.85	3.87
USD/JPY	143.43	1.04	1.42	3.23
USD/THB	32.24	1.22	-0.74	-0.36
USD/IDR	16,741.00	0.92	2.74	10.39
USD/EUR	0.85	0.38	-0.51	-4.43
USD/GBP	0.75	0.51	0.58	0.09
USD/CHF	0.80	0.30	-0.68	-5.71
USD/AUD	1.53	0.78	-0.72	5.41
MSCI EM Currency Index	1,837.89	-0.57	0.24	2.30
US Dollar Index	98.15	0.52	-0.07	-2.40
Commodities				
Crude Oil (WTI Cushing)	65.72	4.85	3.31	-2.88
Crude Oil (Brent)	70.13	5.17	4.33	-2.05
Gold	3,753.98	2.03	10.80	40.70
Thai Rice	371.00	-2.11	0.27	-35.48
Vietnam Rice	402.50	0.12	-2.10	-31.46
Bloomberg Commodity Index	105.10	2.07	3.84	5.19



LOCAL NEWS

Economic Forces at Play: Filipino Consumer Confidence Improves in Q3, While Business Optimism Softens; Philippine Housing Prices Up 7.5% in Q2, Driven by Strong Gains Outside NCR; and Philippine Budget Deficit Widens 56% in August as Revenues Decline



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>

Filipino consumers grew less pessimistic in Q3 2025, with confidence improving due to higher income, additional earners in households, and expectations that inflation will remain within the government's target. The Consumer Expectations Survey showed the overall confidence index rose to -9.8% from -14.0% in Q2, with outlooks for both the next quarter and the next 12 months turning more positive. Meanwhile, businesses became less optimistic in Q3, as the Business Expectations Survey showed confidence declining to 23.2% from 28.8%, weighed down by seasonal factors like "ghost month" and typhoons, as well as global risks such as tariffs and weaker demand. Still, firms expect stronger sentiment next quarter and remain broadly positive for the year ahead, with inflation expectations also anchored within target.

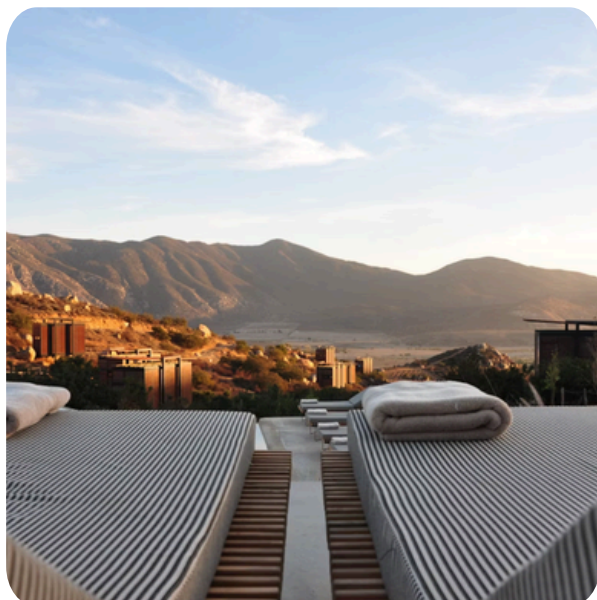
Philippine housing prices rose 7.5% year-on-year in Q2 2025, slightly slower than the 7.6% growth in Q1, according to the BSP's Residential Property Price Index. Areas Outside NCR drove the increase with an 11.5% rise, while NCR prices grew by only 2.4%. By type, house prices jumped 13.1%, offsetting a marginal 0.2% decline in condominium prices.

The Philippines' budget deficit widened by 56% year-on-year to ₱84.8 billion in August 2025, as revenues fell faster than spending. Collections dropped 8.8%, dragged by a steep 68% decline in non-tax income, though tax revenues rose 3.4% on stronger income tax receipts. Expenditures slipped slightly, but a nearly 20% surge in interest payments pushed the primary deficit higher. For January-August, the fiscal gap reached ₱869.2 billion, up 25% from a year earlier, already consuming 56% of the ₱1.56-trillion full-year target and raising pressure to borrow more or trim expenses in the coming months.



CORPORATE NEWS

Corporate Snapshot: MGen Eyes REIT Listing to Fund Renewable Push, Targets Capacity Doubling by 2030; Megaworld Launches ₱2-B Share Buyback, Allocates ₱2.21-B REIT Funds for Townships; and Ayala Land Invests ₱2.7-B in Hotels, Residences as Premium Projects Accelerate



Moreno, M. (2015, October 16). sunloungers fronting buildings near mountain. Unsplash. <https://unsplash.com/photos/sunloungers-fronting-buildings-near-mountain-DGaOLQoyDPc>

Meralco Powergen Corporation (MGen) is considering a REIT listing as one option to raise capital for its future projects. The company plans to list its renewable-energy arm, MGen Renewables, possibly by 2H 2026, transferring assets into its affiliate SP New Energy Corp. to support growth. MGen is aiming to expand its generating capacity from over 5,068 MW to about 10,346 MW by 2030, including via its P200-billion MTerra Solar Project.

Megaworld has initiated a ₱2-billion share buyback program over 24 months, funded internally, believing its stock is undervalued and aiming to enhance shareholder value. It will also allocate ₱2.21 billion from its REIT unit's proceeds toward township developments in Cebu, Palawan, and Bacolod (malls, offices, etc.).

Ayala Land has disbursed ₱2.7 billion from last year's AREIT share sale proceeds to support its hotel and residential projects. Approximately ₱1.44 billion went to New World Hotel in Makati, ₱699.21 million to Arbor Lanes in Taguig, and ₱559.42 million to the Mandarin Oriental in Makati (slated to open in 2026). The moves align with ALI's broader plan to launch ₱57 billion in new property projects in H2 2025, leaning into premium developments.



GLOBAL NEWS

Global Economy: US Core Inflation Holds at 2.9% as Fed's Preferred Gauge Edges Higher; China Keeps Loan Prime Rates Steady Amid Weak Data, Market Concerns; and ECB's Sleijpen: Fiscal Problems Need Political, Not Monetary, Fixes



In the U.S., over the 12 months ending in August, PCE inflation rose 2.7%, up slightly from 2.6% in July. Excluding the more volatile food and energy categories, the core PCE Price Index climbed 0.2% in August, matching the revised 0.2% increase from July. On an annual basis, core inflation held steady at 2.9% for both July and August, a key gauge the Federal Reserve monitors against its 2% inflation goal.



Chinese banks left their loan prime rates unchanged on Monday, reflecting the People's Bank of China's caution in loosening policy despite weak August data, as it seeks to avoid overstimulating an already strong stock market. The one-year LPR, used as a gauge for short-term corporate borrowing, stayed at 3.0%, while the five-year LPR, the benchmark for new mortgages, remained at 3.5%, matching both market consensus and expectations. These rates have been stable since May 20, when banks trimmed them by 10 basis points after the PBOC cut its policy rate earlier that month.



Dutch central bank chief and ECB Governing Council member Olaf Sleijpen warned that European politicians shouldn't rely on the ECB's emergency tools, such as the unused Transmission Protection Instrument, to address fiscal problems, stressing that these issues must be solved politically. He cautioned against redeploying past measures like quantitative easing, noting their high costs and risks to financial stability, and said any future use would require careful consideration. While emphasizing the ECB's clear mandate of price stability, Sleijpen remained non-committal on the deposit rate outlook, citing uncertainties around inflation, energy prices, and global trade developments.



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-MyHqEEHoM>



OUTLOOK

- Equities and bonds will stay defensive with a downward bias
- Local market will stay cautious due to on-going corruption issues
- We expect sentiment to be weak and bond yields to rise
- Expect weak sentiment on banks due to political issues



STRATEGY

- Buying selectively on big cap stocks, focus on the oversold stocks
- Focus on the dividend-paying stocks
- On bonds, stay short but look for value on the long end

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