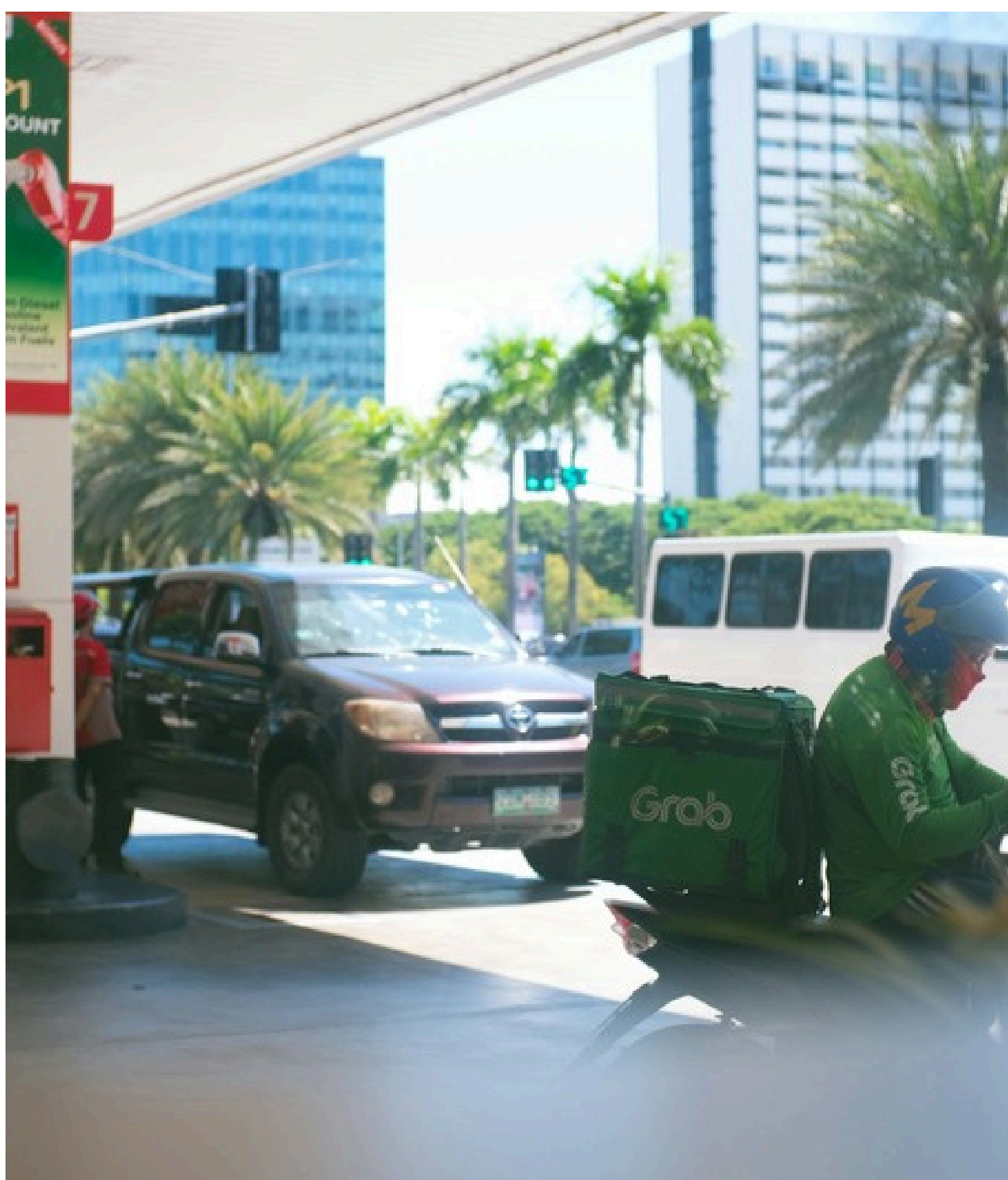




THE LOCAL READ



Source: Cabusao, R. V. (2021, November 7). a man on a motorcycle at a gas station. Unsplash.com; Unsplash. <https://unsplash.com/photos/a-man-on-a-motorcycle-at-a-gas-station-cst-Joqd4rM>

Select Fuel Excise Tax Cuts, Oil Price Rollback Contrast with Hawkish BSP

Amid the ongoing fuel supply disruptions from the Middle East conflict, Malacañang suspended excise taxes on LPG and kerosene for three months, with these expected to slash prices by almost P37/11-kg tank and P5.60/L, for each fuel type respectively. The Department of Finance estimated that this three-month suspension could result in P4.1-B in foregone revenues for the national government. Aside from these, more pump price rollbacks are coming, with diesel and gasoline expected to come down by P24.9/L and P3.41/L, respectively. This comes as ongoing negotiation deals brought global fuel prices downwards last week.

Meanwhile, analysts expect the Bangko Sentral ng Pilipinas to raise its policy rate by 25 bps in its April 23rd meeting, as inflation pressures build and the BSP Governor sent hawkish signals in an interview. Raising the policy rate increases the cost of borrowing for firms and consumers, which lowers demand for goods and services and thus inflation, but it comes at the cost of slowing down economic growth.

Outlook: We've changed our rate outlook to "hike" from "hold" previously on Gov. Remolona's hawkish comments. BSP will likely deliver a 25 bps rate cut, seeing persistently above-target inflation for the rest of the year because of second-round inflation risks materializing. For now, we think this hike will be the only one in this short tightening cycle assuming partial de-escalation in the Middle East.

Article Sources: Fuentes, A. (2026, April 17). Three-month suspension of LPG, kerosene excise taxes begins April 17 | ABS-CBN News. ABS-CBN. <https://www.abs-cbn.com/news/business/2026/4/17/three-month-suspension-of-lpg-kerosene-excise-taxes-begins-april-17-1651>
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Sampang, D. (2026, April). Marcos: "Big" price rollback for diesel at P24.94 per liter. INQUIRER.net. <https://newsinfo.inquirer.net/2214675/marcos-big-price-rollback-for-diesel-at-p24-94-per-liter>



GLOBAL LENS

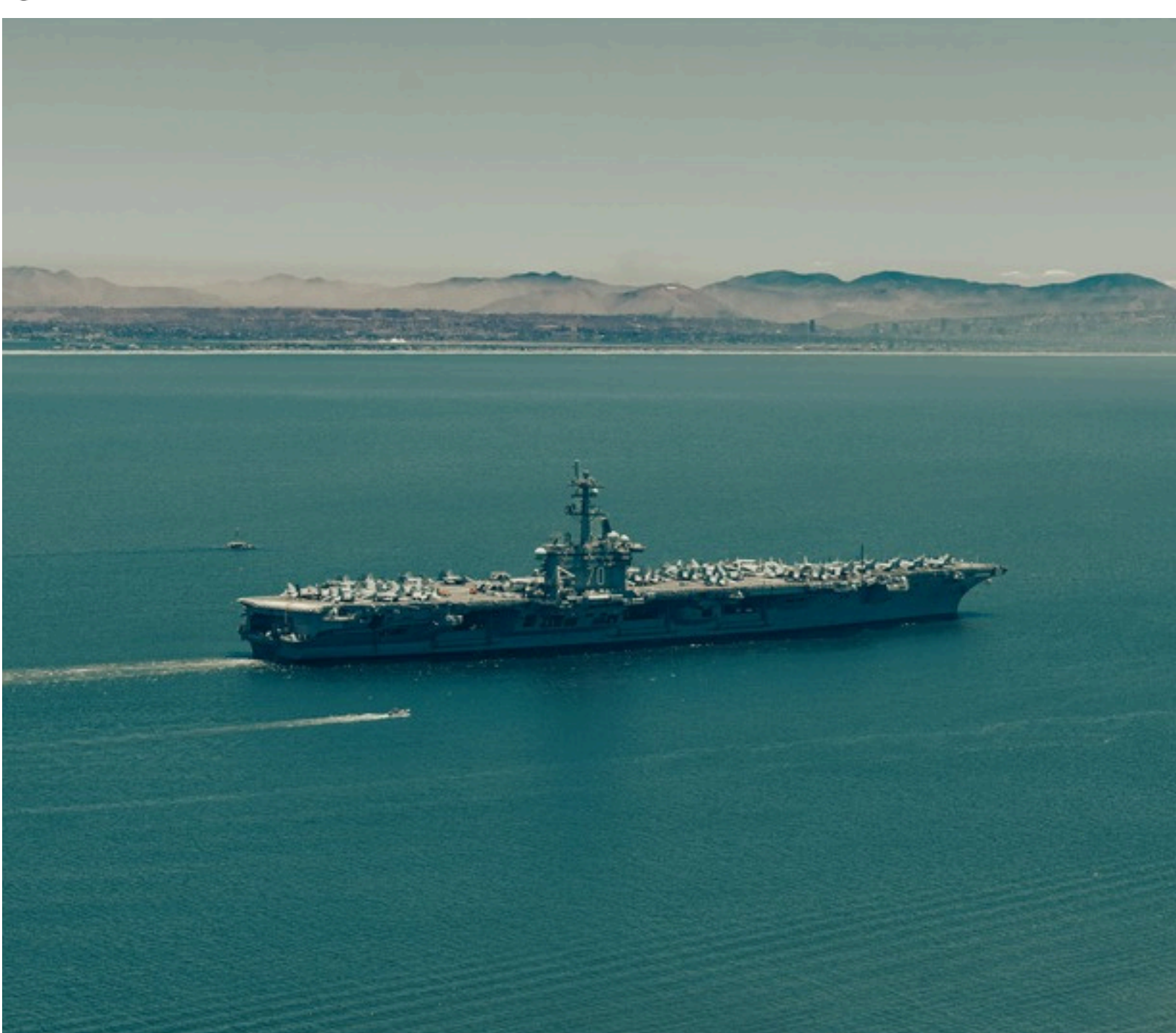


Image Source: Rudolph, W. (2022, August 21). A large ship in the water. Unsplash.com; Unsplash. https://unsplash.com/photos/a-large-ship-in-the-water-t1_Yx0otc00

Article Sources: Hunnicutt, T., Shahid, A., & Al Gebaly, M. (2026, April 19). Trump, Iran cite progress in talks as uncertainty hangs over Strait. Reuters. <https://www.reuters.com/world/asia-pacific/trump-iran-cite-progress-talks-uncertainty-hangs-over-strait-2026-04-19/>
Schneider, H. (2026, April 8). Fed minutes show growing openness to rate hikes at March meeting. Reuters. <https://www.reuters.com/markets/us/fed-minutes-show-growing-openness-rate-hikes-march-meeting-2026-04-08/>

Oil Prices Drop on Strait of Hormuz Flip Flops



Improving negotiation signals from both the U.S. and Iran sent oil prices tumbling throughout the week. While the U.S. naval blockade still continued, WTI spot prices plunged by -10.9% to \$85.66/bbl on April 17, the day Iran announced the full re-opening of the Strait of Hormuz as an Israel-Lebanon ceasefire took place. However, the Iranians quickly shuttered the Strait again right after market hours due to the U.S. naval blockade still operating in the region. Both the U.S. and Iran are still negotiating, with notable disagreement on the latter's nuclear program.



Meanwhile, the U.S. Fed is expected to keep its rates steady in its April 28-29th meeting, keeping a "wait and see" posture for more data on the macroeconomic impacts of the Middle East war.



Outlook: Ongoing negotiation uncertainty may see global markets open lower, unless more significant de-escalation measures take place. In any case, the macroeconomic impacts continue to filter through most economies in the form of higher inflation and lower growth outlooks. We expect more volatility in global markets contingent on fragile, temporary ceasefire-led negotiations in the Middle East.



FOREX FOCUS

Tighter Peso Dollar Movements on Peace Talks

The Middle East conflict which shapes crude oil prices and U.S. dollar strength remained at the center of attention in foreign exchange markets.

During the April 13-17, 2026 week, the peso-dollar rate traded within narrower range over the previous week. Volatility (measured in standard deviations) tumbled to 0.109% from 0.376% earlier. After a strong (i.e., lower FX rate) opening due to the absence of meaningful results in the first U.S.-Iran peace talks in Pakistan on Friday, April 10th, USD-PHP returned to a depreciation mode mid-week after President Trump posted in his "Truth Social" blog that another round of negotiations would take place within a week, or even days. The FX rate weakened by +0.11% w/w to P60.035, reversing the appreciation of -0.35% a week ago. Average daily trading rebounded by 13.9% w/w to \$2.1-B from the -10.8% downtick previously, marked by lower volumes after the Trump declaration.

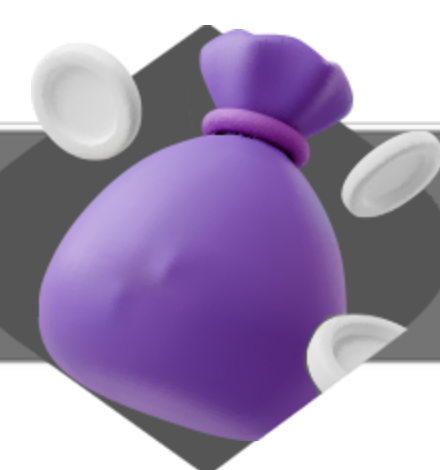


Source: Cichosz, P. (2020, March 21). 100 banknote on pink textile. Unsplash.com; Unsplash. <https://unsplash.com/photos/100-banknote-on-pink-textile-Jlg1cbg3TPl>



Source: Trading Economics. (2026). US Dollar Philippine Peso. Tradingeconomics.com. <https://tradingeconomics.com/united-states/government-bond-yield>

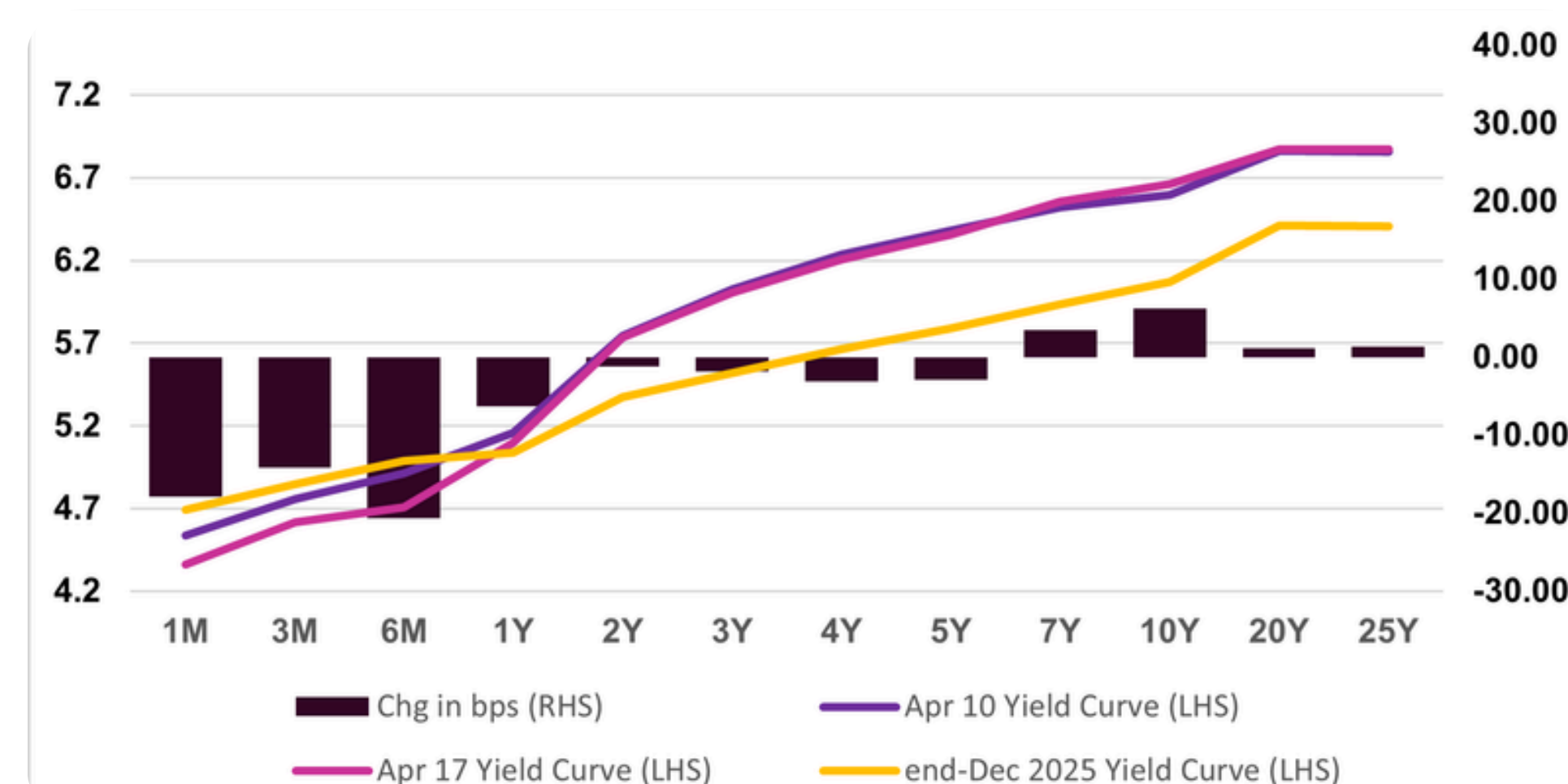
Outlook: The huge, upwards of 10% drop in crude oil prices to below \$85/barrel after the Trump social media post on new negotiations amid the U.S. blockade of Strait of Hormuz forced 14 Iran-sanctioned tankers to back off. Iran announced the strait's opening after -Israel and Lebanon announced a ceasefire. With uncertainty about the new talks' outcome, we should see more sideways movement in USD-PHP with an initial downward bias, due to lower crude oil prices. However, looking forward, much depends on the outcome of these new talks. The expected faster PH inflation rate for April will set an elevated floor not too-far from P60/\$ level as suggested by the trading pattern and short-term indicators.



THE BOND BLUEPRINT

Secondary Bond Trading Risk-On Following Negotiation Talks

More than the developments in the Middle East conflict, de-risking emerged as the main concern of bond investors, manifested by progressively lower yields as maturity lessened.



Source: Bloomberg, Authors' Calculations

GS Auctions

The Tender-Offer-Ratio (TOR) increased to 1.820x from 1.699x despite larger offerings. Strong T-bill demand pushed TOR up to 2.054x. BTr accepted about half of the P9.0-B offered for 364-day T-bills. After correcting last week's overreaction, 91-day T-bill yields dropped by 23.5 bps to 4.750%, tightening their spread with BSP's 4.25% policy rate. 182-day T-bills fell by 19.8 bps to 4.882%, and 364-day papers eased by 3.6 bps as most tenders were rejected. The lone 5.3-year Treasury bond offering of P30.0-B drew unexpectedly good demand with a TOR of 2.346x so that it added P10.0-B on TAP with the auctioned yield of 6.328%, a surge of 61.1 bps.

GS Secondary Trading

Short-term bond yields dropped sharply on strong demand for that space, with 6M falling 20.6 bps to 4.708% and 3M down 14.2 bps to 4.6183%. The 1Y yield slid 6.2 bps to 5.0969%, while 2Y and 4Y saw minor declines of 1.2 and 3.2 bps. Notably, 3M yields have stayed below 5.0% since March 2026. Long-term yields increased modestly, as the 10Y benchmark rose 6.24 bps to 6.6604%, 7Y gained 3.54 bps to 6.5568%, and 20Y and 25Y edged up by 1.2 and 1.4 bps, respectively.



Source: Trading Economics. (2026). United States Government Bond 10Y. Trading Economics. <https://tradingeconomics.com/united-states/government-bond-yield>

Outlook: We expect higher bond yields in the coming weeks. The main reason lies in our expectation of April inflation to a faster pace hovering around 5.0%, and higher still for the rest of the quarter. The other cue comes from a possible BSP policy rate hike in its April 23 meeting given the statement of BSP Governor Remolona that a hike will be on the table, and a survey of market players showed a majority expecting an increase in policy rates.

THE EQUITY PLAY

Top Five Index Winners & Losers

Stock	Close as of Apr 17	W/W Change
MER	632.0	3.9%
SMC	72.0	3.8%
MONDE	6.9	3.3%
LTG	15.0	1.3%
CBC	63.7	1.2%
PLUS	15.1	-10.4%
AC	502.5	-7.5%
JGS	26.9	-6.3%
ALI	17.2	-4.9%
JFC	163.6	-3.5%

Source: LSEG. (2026). LSEG Workspace [Database]. Retrieved Apr 17, 2026 from "Workspace Add-in for Excel"

PSEi Pulls Back on Shaky Negotiations, Upcoming BSP Meeting

The PSEi slid by -1.6% w/w to 5,999.13, as investors ducked for cover from the volatile Middle East situation and a looming BSP policy meeting on the 23rd. The market gapped down initially, tracking the U.S. blockade on the Strait of Hormuz, but recovered slightly by mid-week as local buyers advanced on peace hopes. However, the market routed thereafter as further uncertainties over peace in the Middle East surfaced and the BSP's rate meeting came into view.

Turnover improved by +39.5% w/w to P37.1-B as the full trading week was available. Local investors shored up the bourse as net foreign selling nearly doubled (+92.9% w/w) to P4.7-B. The foreign exodus came as U.S. bourses rallied, with funds likely being repositioned away from the PSEi. All but one sector closed in red, with Industrials (+0.67% w/w) bucking the trend and Mining & Oil (-0.24% w/w) escaping relatively unscathed. Meanwhile, Holdings counters declined the most (-2.9% w/w). Market breadth turned negative with 108 gainers against 117 losers and 34 unchanged.



Source: Investa. (2026). PSE:PSEI - Philippine Stock Exchange Index (PH) | Price and Chart | Investagrams. Investagrams. <https://www.investagrams.com/Stock/PSE:PSEI>

Outlook: More defensive posturing with a downside bias for now. Investors will keep a close eye on Iran-U.S. developments, especially as the Strait of Hormuz was quickly reopened then closed outside of local trading hours. Regional investors likely need to see a clear and definite resolution to the conflict before upping exposure to the energy import-dependent Philippines. Compounding the issue, investors will likely step back until the BSP's April 23rd meeting where Governor Remolona took a more hawkish stance against inflation risks.



OUR OUTLOOK

- 1 **Volatility in oil and financial assets will continue.**
- 2 **Equities and bonds will remain risk-off.**
- 3 **Market will take directions from policies and macro data.**
- 4 **Middle East development will remain in focus.**

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Tell us what you think! What was your favorite part, and what would you like to see next week?