



THE LOCAL READ



Source: PortCalls Asia. (2024, August 7). A view of a busy city street with tall buildings. Unsplash.com; Unsplash. https://unsplash.com/photos/a-view-of-a-busy-city-street-with-tall-buildings-l_Wkcpmv4aQ



GLOBAL LENS



Image Source: Lupan, M. (2021, August 21). Red and black metal tower during sunset. Unsplash.com; Unsplash. <https://unsplash.com/photos/red-and-black-metal-tower-during-sunset-hy97yy3e03A>

Article Sources: Al Jazeera Staff. (2026, April 28). What are OPEC and OPEC+, and why has the UAE quit? Al Jazeera. <https://www.aljazeera.com/news/2026/4/28/what-are-opec-and-opec-and-why-has-the-uae-quit>
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NG Infra Spending Declines in February; BSP Sees Faster April Inflation; Exports Race Despite Middle East War

Confirming our suspicions, the Department of Budget Management's (DBM) national government (NG) capital outlays report revealed that infrastructure spending dropped -40.1% YoY to just P88.7-B in the first two months of the year. DBM sees infra spending keeping muted for the first half of the year, with spending in the next months reliant on crisis subsidies, LGU transfers, and some capex. March NG Disbursements, meanwhile, in Bureau of Treasury's report showed -7.7% YoY decline to P386.4-B, highlighting continued investment spending softness.

Meanwhile, external performance kept strong with exports jumping by +20.4% YoY to \$8.2-B in March. The trade deficit edged up by +0.1% YoY to \$4.5-B, a six-month high, as the energy bill mounted by +35.1% YoY. This turnout was likely due to strong AI semiconductor-related demand meeting global energy headwinds.

On the monetary side, the Bangko Sentral ng Pilipinas' (BSP) April inflation outlook rose to 5.6-6.4% as energy pressures mounted, higher than the 4.1% reading in March. Multiple economic readings to be released this week, with April inflation (May 5), March unemployment (May 6), and Q1-2026 GDP growth (May 7) dropping in three consecutive days.

Outlook: This week will have market players cautiously looking out for key economic indicators. Our Q1-2026 GDP growth estimate sits at 3.1%, as the government underspent in Q1 and disruptions from the Middle East war likely pushed subpar growth (vs. long term historical average of 5.0%). Meanwhile, we see April inflation at 5.8-5.9%, as the oil price crisis continues and consumers see higher groceries and utilities bills. Our outlook points to weaker macroeconomic fundamentals in the first half of the year, especially since the PH economy came from a stronger base in the same period last year.

Article Sources: Sy, A. M. (2026, April 23). BSP raises rates, signals more hikes - BusinessWorld Online. BusinessWorld Online. <https://www.bworldonline.com/top-stories/2026/04/24/745239/bsp-raises-rates-signals-more-hikes/>
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UAE Leaves OPEC, Peace Talks Push and Pull



Oil prices returned above \$100/barrel as a political risk premium rose up on more Middle East uncertainty. Our WTI benchmark shot jumped by +3.57% on April 28 to \$103.35/bbl after news broke that the UAE left OPEC. Oil then topped \$110/bbl the next day after the U.S. announced a stricter blockade of the Strait of Hormuz. By Friday, oil fell towards \$105/bbl as Iran presented a new peace proposal, which President Trump was not satisfied with.



UAE's exit appears to be a strategic move to increase energy sovereignty and to capitalize on high oil prices. Members leaving OPEC is not new, with the previously largest high profile exit being Qatar in 2019. In response to UAE's exit, OPEC+ announced a modest output increase of nearly 200,000 barrels per day, though this will only materialize after the Strait of Hormuz blockade ends.



Outlook: Two oil themes are emerging: long-term oil prices face downside risk, and markets now discount peace talks more cautiously. Once the blockade ends, the UAE could raise output by up to 1 million barrels per day by 2027, raising oversupply risks post-conflict. Meanwhile, muted market reactions suggest that markets now have higher credibility thresholds for peace signals, with previous negotiation speculation usually dropping oil prices by ~10% in a day, compared to the smaller 3% drop recently. This could potentially pressure both parties toward a resolution.



FOREX FOCUS

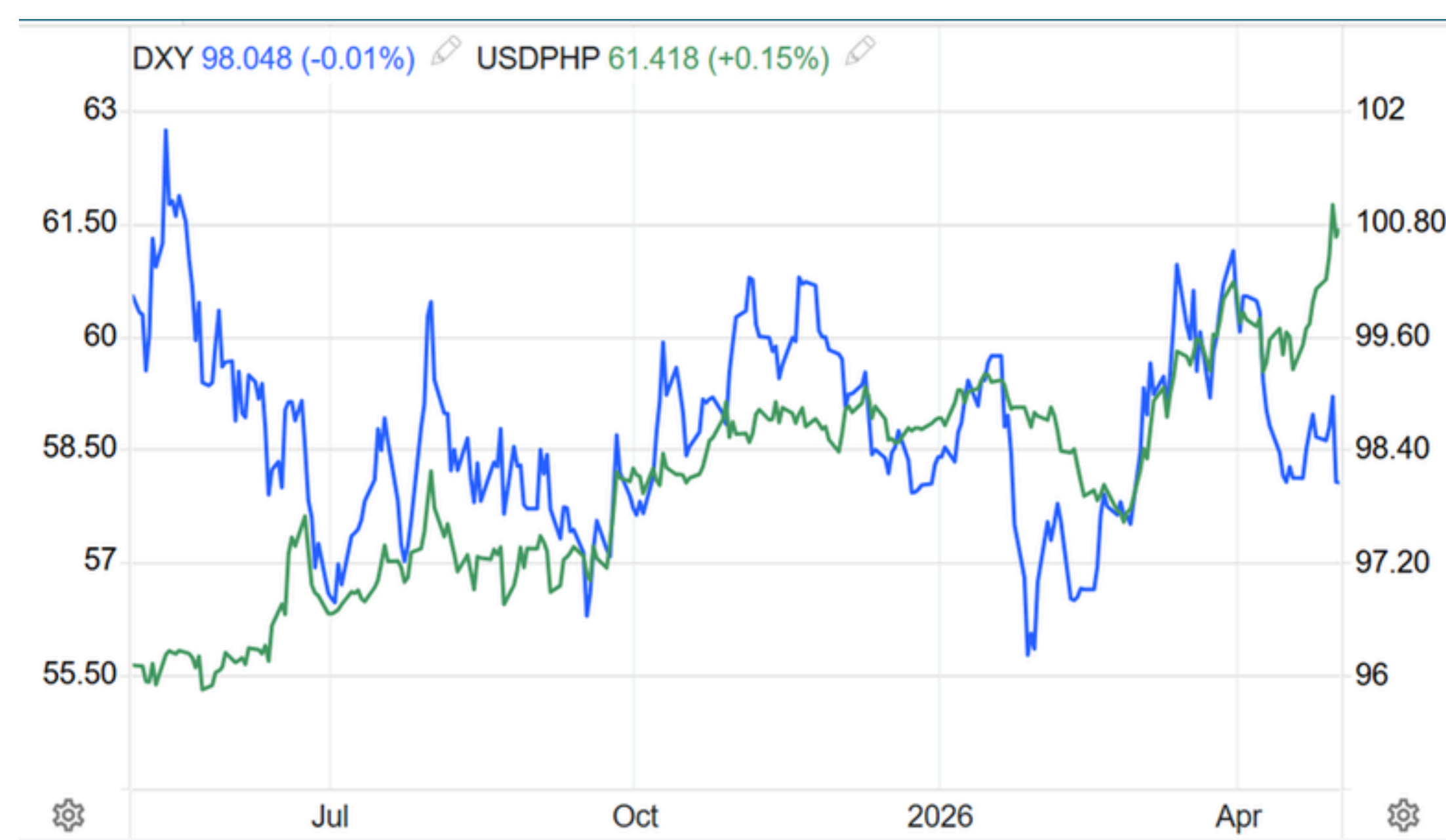
Peso Dollar Under Fire as Crude Rises

Crude oil prices' unforgiving rebound in the week heavily impacted USDPHP, rather than U.S. dollar movements, which actually weakened by Thursday, April 30th [i.e., May 1st is a public holiday in both the U.S. and the Philippines].

The Peso-dollar rate took a sharp upward turn by Tuesday, but saw some profit-taking, and short-covering before the long weekend on April 30 to close at P61.485/\$, a faster uptick of 1.3% w/w from 1.1% previously. BSP may have intervened at opening on Thursday (30th) to stem the upswing. Average daily volume jumped by 15.6% to \$1.81-B, from \$1.57-B previously, driven by the huge \$2.49-B trading on Thursday, which combined fear-driven hedging and profit-taking.

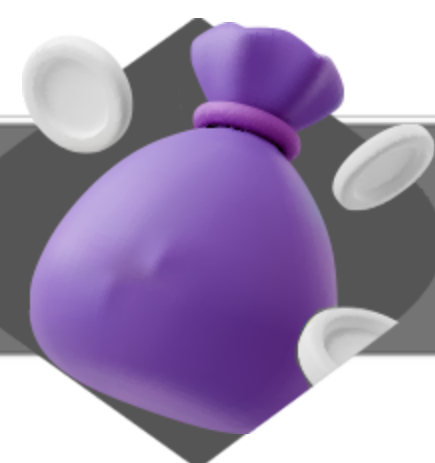


Source: Leung, J. (2020, February 1). 10 and one us dollar bill. Unsplash.com. <https://unsplash.com/photos/10-and-one-10-us-dollar-bill-SAYzXuS103M>



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

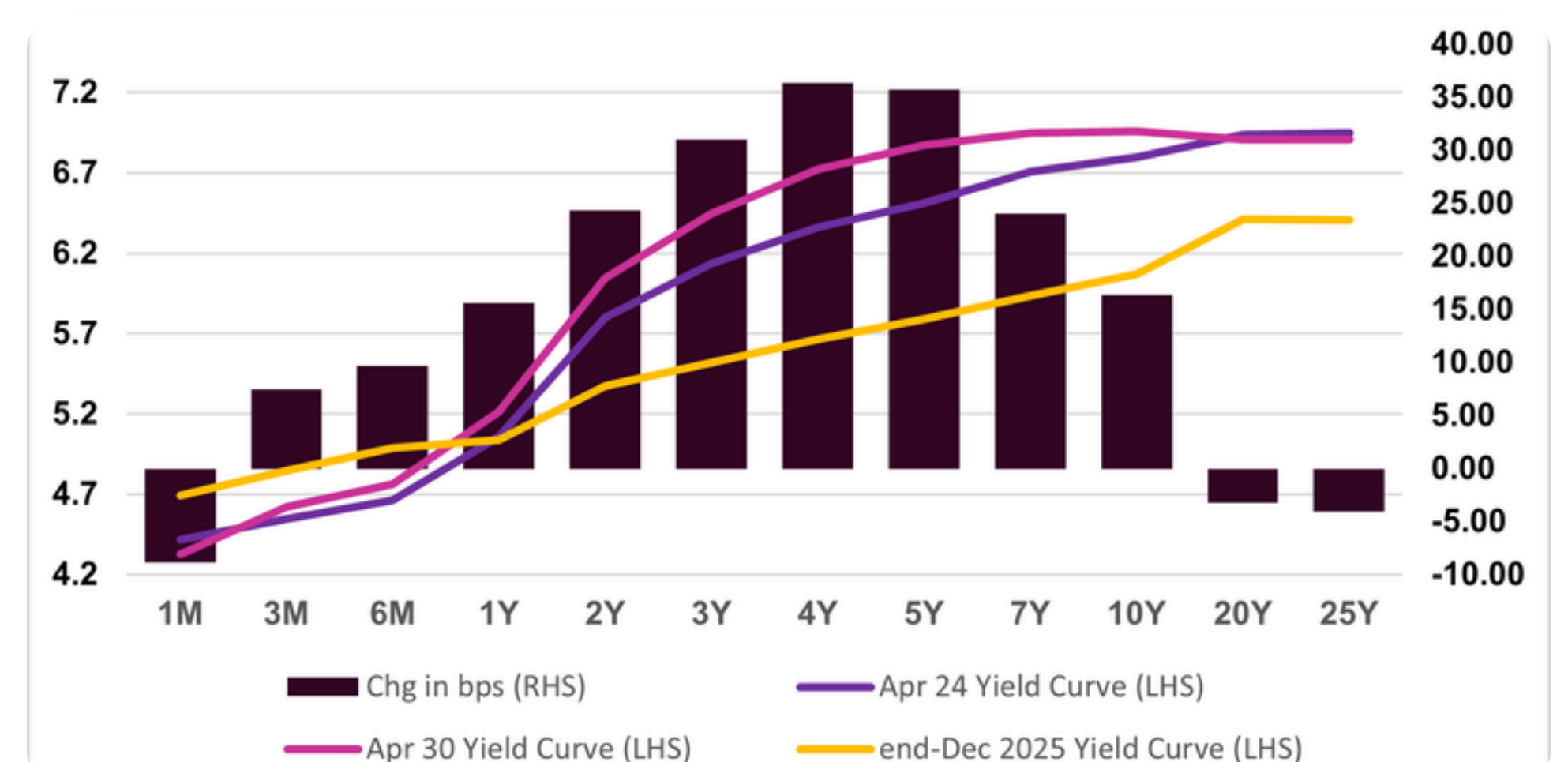
Outlook: After its renewed surge in the previous week, crude oil prices have retreated close to \$100/barrel (bbl) for WTI and to below \$110/bbl for Brent over the weekend. This could provide relief for the peso's weakness. USDPHP may head back to below P61.00/\$ but diversification moves by local investors and still-elevated oil prices will likely thwart too much appreciation.



THE BOND BLUEPRINT

Bond Market Risk-Off with Higher Oil Prices; Mild Relief with JPM Bond Index Inclusion

Investors fled the country's bond market which became even less attractive as expectations of accelerating local inflation mounted. Interest rates continued to rise amid a renewed surge in crude oil prices.



Source: Bloomberg, Authors' Calculations

GS Auctions

Interest in Bureau of Treasury (BTr) auctions dwindled, as seen in near-halving of the Tender-Offer-Ratio (TOR) to 1.524x from 2.9870x week ago. Investors flocked to T-bills, with a slightly lower 1.916x TOR. Despite soft demand for 364-day bills, BTr only took in 91.7% of its P9.0-B offer, to cap yields from rising too much. The T-bond offerings fared poorly, averaging 1.147x TOR. The last T-bond (9.83Y, 10-74) was undersubscribed by nearly 10% to raise yields by 7.1 bps to 6.857%, while the 4.2Y (07-70) issue did a little better but soared by 102.4 bps to 6.741%. Yields generally headed north, albeit much less for T-bills with 364-day bills climbing most by +13.2 bps to 5.184%, but 91-day yields hardly moved by +1.6 bps to 4.558%.

GS Secondary Trading

Investors' risk-off sentiment sent ave. daily volume plummeting by -44.3% w/w to P22.8-B, with less than a fourth of the peak seen during the week of Feb 6th. The <5Y space still cornered 75.38% of total trades, a tad less than last week. De-risking towards short-dated debt showed up clearly as <1Y buckets grabbed 24.67% of total volume or +5.57 bps more, while share of 5Y-<15Y space shed -7.24 bps. Yields mostly jumped across the curve, with the largest in the 4Y (+36.4 bps, 6.0456%) and 5Y (+35.7 bps, 6.8708%) space. 10Y benchmark yields slid by -16.4 bps at 6.9591%, as J.P. Morgan Chase's announcement to include PH bonds in its benchmark by January 2027 offset the BSP policy rate hike a week ago.



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

Outlook: The late week hike in BSP policy rate by 25 bps and likely higher crude oil price should drive yields higher across the curve. BSP's apparent stance for higher rates as inflation rages adds fuel to this upswing in Q2.

THE EQUITY PLAY

Top Five Index Winners & Losers

Stock	Close as of Apr 30	W/W Change
AEV	29.1	2.5%
MONDE	6.8	1.8%
MER	652.0	1.7%
SMC	72.0	1.3%
RCR	6.9	1.3%
SCC	26.0	-15.2%
CNPF	28.5	-9.5%
PLUS	13.6	-8.6%
CBC	60.1	-6.0%
SMPH	19.0	-4.9%

Source: LSEG. (2026). LSEG Workspace [Database]. Retrieved Apr 30, 2026 from "Workspace Add-in for Excel"

PSEi Tumbles on Oil Price Resurgence, Economic Indicators Ahead

The PSEi plunged by -1.85% w/w to 5,833.64, keeping below the 6,000 level as investors were risk-off from a resurgence in oil prices and a hawkish Fed hold. A technical rebound played out mid-week, but the index routed as oil stayed above \$100/bbl, the U.S. Fed signaled a hawkish stance, and investors stayed cautious ahead of key data releases. The market is undervalued, with the P/E ratio at 9.86x (vs. historical 12.0x), a level similar to the height of the flood control scandal in November 2025.

Total turnover slid by -8.0% w/w to P28.8-B. However, using a comparable four-day week saw a +26.7% w/w increase in trading value, highlighting heightened trading before the holiday. Net foreign selling amounted to P1.8-B, down by -19.4% w/w. Sectors fell across the board, with Industrials (-0.47% w/w) and Services (-0.48% w/w) the most unscathed on heavyweight bargain hunting. In contrast, Holdings counters (-2.80% w/w) suffered the steepest drop as macroeconomic prospects dimmed. Market breadth soured with 91 gainers to 125 losers and 36 unchanged.



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

Outlook: The local market may duck for cover this week ahead of inflation, unemployment, and GDP releases. These provide more crucial data points to digest the Middle East war's impact on the energy vulnerable economy. With inflation rising near-6% and GDP growth around the 3% level, we expect more risk-off tendencies from investors, especially away from cyclical counters such as discretionary consumers, construction, banks, and transportation. Bargain hunting may set in but unlikely to turn into relief rallies. At current valuations, it may be a good chance to accumulate defensive counters at bargain prices.



OUR OUTLOOK

- 1 **Overseas, markets will monitor the US jobs report. This will be out on Friday, May 8.**
- 2 **On the ground, markets to monitor Philippine CPI report on May 05. Philippine 1Q26 GDP will be released on Thursday, May 07.**
- 3 **Expect equities and bonds to remain defensive with elevated volatility.**
- 4 **Property sector will be re-rated, possibly on a downside.**

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