



THE LOCAL READ



Source: Lao, A. (2019, June 16). Aerial photo of cars at middle of road [Photograph]. Unsplash.

April Employment at 48.89-M, FDI Inflows Positive in March

The Labor Force Survey results for April portrayed a cautious hiring environment. The unemployment rate ticked down to 4.7%, (prev. 5.0%) though this came as the level of employed edged down to 48.89-M persons (prev. 49.07-M) along with the labor force (51.30-M, prev. 51.64-M). Concerningly, the underemployment rate hit a multi-year high at 15.2%, (prev. 12.3%) as the economy, especially transportation and manufacturing, grappled with the impact of the Middle East war.

Meanwhile, Foreign Direct Investment (FDI) inflows improved by +26.1% YoY to \$611-M with steady investor confidence amid global uncertainty. Despite this, FDI inflows declined by -17.0% YoY on a YTD basis to \$1.72-B. Equity investments (\$243.0-M, prev. \$177.0-M) and earnings reinvestment (\$78.0-M, prev. \$75.0-M) improved, signaling some degree of confidence in the economy.

Outlook: Labor market and investment indicators may post choppy performance in the near term as the oil shock exposes structural vulnerabilities in key industries, pushes borrowing costs higher, and weighs on broader economic activity. Conditions could improve in the second half of the year, provided tensions in the Middle East ease and national government infrastructure spending resumes. In the meantime, we think a 25 bps hike remains one of the possible policy outcomes for the BSP's June meeting.

Article Sources: BSP. (2026). Bangko Sentral ng Pilipinas Press Releases and Advisories. Bsp.gov.ph. <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?temid=7931&MType=MediaReleases>
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GLOBAL LENS



Image Source: Crous, G. (2023, December 11). An oil pump sitting next to a body of water [Photograph]. Unsplash.

Article Sources: Tsvetana Paraskova. (2026, June 12). The Oil Market Could Be Weeks From a Breaking Point. OilPrice.com. <https://oilprice.com/Energy/Crude-Oil/The-Oil-Market-Could-Be-Weeks-From-a-Breaking-Point.html>
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Softer Crude Despite Strikes; Improved Consumer Sentiment and SpaceX IPO



Global crude oil prices tumbled throughout the week, practically shedding \$10/barrel (from \$94 to \$84/barrel by Friday) as more peace bet speculation materialized even with more missile strikes on both sides of the conflict. Weaker demand from China, strong export appetite from the U.S., and oil reserve drawdowns were seen as major driving forces in keeping crude below \$100/barrel for the past few weeks.



In the U.S., some optimism emerged on two events: (1) the June Michigan Consumer Sentiment Index improved to 48.9 (prev. 44.8) with lower gas prices sparking broad-based sentiment improvement and (2) the SpaceX IPO encouraging U.S. stock market upside. SpaceX's IPO raised \$75-B and shot up 20% higher after market close, lifting gains in similar tech stocks.



Outlook: So far, oil prices have trended downwards (below \$100/barrel) despite the continued closure of the Strait of Hormuz as other oil market players make strategic moves. If more peace soundings occur, crude could continue moving towards lower highs overall. Meanwhile, U.S. stock market optimism may be contained with a Fed hold widely expected by next week, dashing valuations for the interest-rate sensitive tech sector.



FOREX FOCUS

Peso-Dollar Trading Mellows Due to Shortened Trading Week

USDPHP eased with slightly lower demand in the shortened week.

USDPHP traded less by -6.0% on an average daily basis (with only 4 working days in week ending June 12, 2026) to \$1.63-B from \$1.74-B previously. Traders likely closed positions prior to the June 12 holiday as Thursday showed the highest daily volume. Firms' demand eased as the week ended. Peso-dollar rate appreciated by -0.2% w/w to P61.350/\$ with modest demand emerging. Trading band remained tight at P0.34 marginally higher than P0.28 in the prior week.



Source: Dawes, A. (2022, December 3). Pile of dollar bills [Photograph]. Unsplash.



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

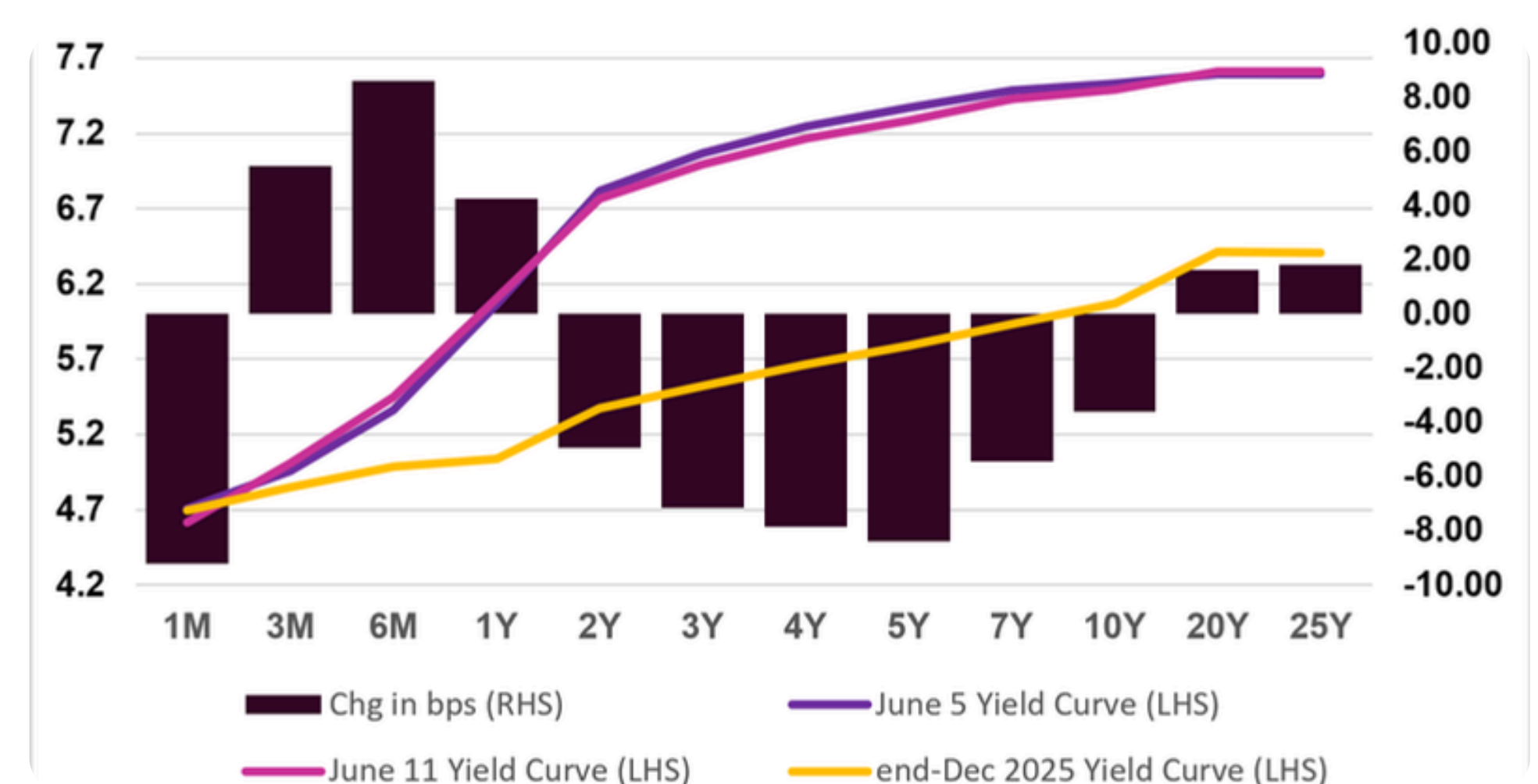
Outlook: The local market has this week to react to lower crude oil prices on Friday's close (below \$90/barrel for both WTI and Brent) but stronger U.S. dollar. U.S. 10Y bonds hovered around 4.50%, despite the inflation for May faster at 4.2% from 3.8% previously. With lingering uncertainty as to a peace deal with Iran given strikes both sides, the FX rate may move sideways with a downward bias.



THE BOND BLUEPRINT

Secondary Bond Trading Returns

Fueled by the much lower-than-expected inflation for May released only Friday in the previous week and lower crude oil prices despite U.S. strikes in Iran from Tuesday-Wednesday, secondary market demand for government bonds resurfaced in the week.



Source: Bloomberg, Authors' Calculations

GS Auctions

GS auctions saw weaker demand as offerings rose to P110.0-B from P80.0-B. TOR fell to 1.2767x from 1.7266x, with both T-bill and T-bond demand below the prior week. BTr rejected P4.0-B of the 91-day bills, fully awarded the 182- and 364-day T-bills, and accepted 71.9% of the P50.0-B T-bond offer. T-bill yields were mixed: the 364-day slipped 0.2 bps to 6.267%, while the 91- and 182-day rose 4.5 bps and 5.5 bps to 5.188% and 5.678%. Longer tenors repriced higher, with the 3.3Y up 37.4 bps to 7.307% and the 8.4Y up 83.3 bps to 7.580%.

GS Secondary Trading

The 3Y-10 space saw more active trading grabbing 41.8% market share, a sharp jump of 18.5 points from 25.8% previously. Yields there also showed the largest slippages. This shift came at the expense of <3Y tenors which dropped -18.8 points share to 57.3% as rates there already reflected expectations of a BSP policy rate hike. Investor demand thumped down yields most for 5Y tenors by -8.4 bps to end at 7.2874% and 3Y papers by -7.2 bps to close at 6.9977%. Even the 10Y benchmark slipped by -3.6 bps to 7.4934%, albeit marked by much volatility.



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

Outlook: Bond investors may again retreat in the coming weeks as market participants generally anticipate the possibility of a BSP policy rate increase. They may try to obtain higher yields likely for longer tenors since 3M-1Y yields already exceed the projected policy rate.



THE EQUITY PLAY

Top Five Index Winners & Losers

Stock	Close as of June 8	W/W Change
ICT	898.0	5.0%
MER	574.0	3.2%
GLO	1,700.0	1.2%
EMI	15.4	1.2%
CBC	55.1	1.1%
ALI	12.7	-10.0%
JGS	24.4	-8.5%
URC	55.9	-6.5%
ACEN	3.2	-6.4%
AEV	31.5	-6.3%

Source: LSEG. (2026). LSEG Workspace [Database]. Retrieved June 15, 2026 from "Workspace Add-in for Excel"

PSEi Practically Sideways on Indecisive Trading

The PSEi slid a tad by -0.48% w/w over the holiday-shortened trading week, likely correcting over the previous week's +2.94% w/w recovery push. The market traded aimlessly throughout the week lacking significant catalysts, with profit taking from the previous week's rebound contrasting with select pockets of buying.

Trading volumes slid by -1.37% w/w to P29.66-B, with the Independence Day holiday shortening trading. Foreigners turned into net buyers worth P112.68-M (prev. net sellers P1.49-B), bargain hunting late in the week. Most sectors ended weaker, with Services the lone bright spot (+3.13% w/w) but with Property (-3.46% w/w) and Mining & Oil (-11.05% w/w) retreating.

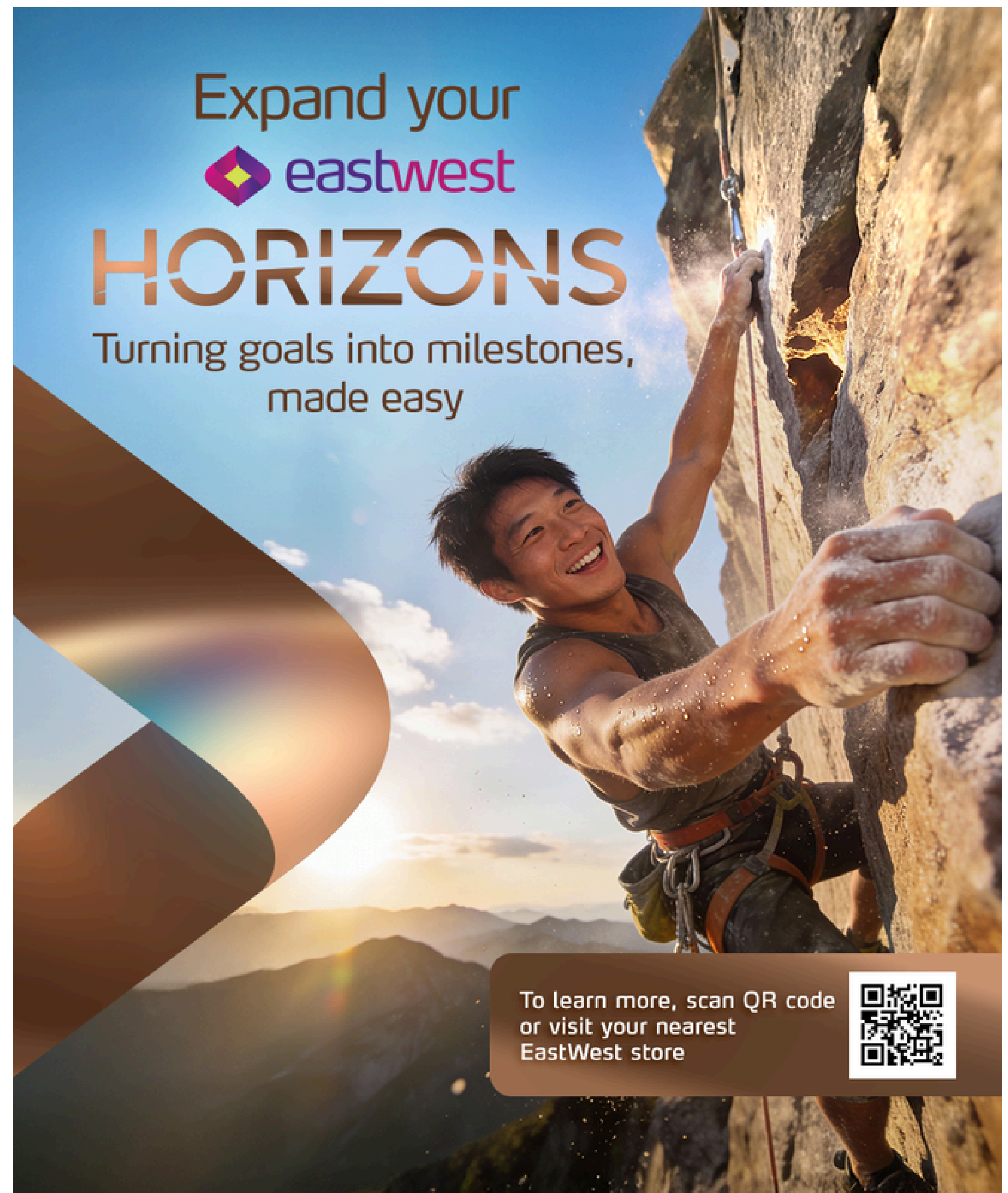


Source: Investa. (2026). PSE:PSEI - Philippine Stock Exchange Index (PH) | Price and Chart | Investagrams. Investagrams. <https://www.investagrams.com/Stock/PSE:PSEI>

Outlook: The local bourse may trade rangebound as encouraging economic indicators clash with looming dual Fed-BSP policy meetings. Investors may monitor sectoral rotations but could be reluctant to take on outsized bets with newfound oil price risks and hawkish central bank outlooks. Technical indicators likewise suggest sideways trading for now.

OUR OUTLOOK

- 1 **US Fed Interest Rate Decision on Thu, 18 (prev.: 3.75%; est.: 3.75%) ; PH Interest Rate Decision on Thu, 18 Jun 2026 (prev.: 4.50%; est.: 4.75%)**
- 2 **Market gains will be tempered ahead of key policy meetings from the Federal Reserve and BSP**
- 3 **Market will be guided by the US-Iran peace talks**
- 4 **Market sentiment may remain constructive this week.**
- 5 **PSEi could retest the 6200 level**



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