



THE LOCAL READ



Source: Yoro, S. (2020, December 6). city with high rise buildings during night time. Unsplash; Unsplash. <https://unsplash.com/photos/city-with-high-rise-buildings-during-night-time-7PFVpaUb8UY>



GLOBAL LENS



Image Source: Maksym Kaharlytskyi. (2020, April 27). red and white tower under blue sky during night time. Unsplash; Unsplash. <https://unsplash.com/photos/red-and-white-tower-under-blue-sky-during-night-time-u13zBF4r56A>

Sources: Kimball, S. (2026, September 25). Saudi Arabia crude oil exports hit highest level since Iran war began despite pipeline outage. CNBC. <https://www.cnbc.com/2026/09/25/saudi-arabia-oil-iran-war-pipeline-strait-hormuz-red-sea-houthis.html>
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EU-Philippines Conclude FTA Talks; IMF Slashes PH GDP Forecasts; Business Confidence in August Improves

Major macroeconomic news and data releases point to new tailwinds for the Philippine economy, though the impact of the Middle East war remains.

The Philippines and the European Union recently wrapped up talks on a new free trade agreement (FTA), expected to open markets, facilitate investments, and build jobs with up to \$12.0-B in export potential for the Philippines. The deal is set to be signed by 2027, subject to legislative approval in the Philippines and the European Parliament.

Meanwhile, the International Monetary Fund (IMF) recently finished its 2026 Article IV consultation in Manila, slashing its 2026 Philippine GDP growth forecast to 3.4% (down from previous targets) before a projected recovery to 5.1% in 2027. The main drag came from slower-than-expected Q2-2026 GDP growth, as macro headwinds from the Middle East conflict hit the Philippine economy. The IMF projected headline inflation at 5.6%, core inflation peaking at 4.0%, and the current account deficit widening to 4.8% of GDP due to elevated oil import costs and food supply pressures.

Businesses turned less pessimistic (-10.9% prev. -20.3%) in the Bangko Sentral ng Pilipinas' (BSP) August Business Expectations Survey (BES), with improved demand conditions cushioning against bad weather and building cost pressures. Surveyed firms turned more optimistic over the next quarter (24.6%, prev. 3.7%) and the next year (36.4%, prev. 29.4%) on the back of possible Middle East conflict resolution, better hiring activity, and stronger investor confidence.

Outlook: With ongoing headwinds, elevated inflation, subdued investment, and recent weather disruptions could weigh on economic growth. Meanwhile, resilient external sector performance and improving business sentiment may provide some support to the growth outlook.

Article Sources: BSP. (2026). Businesses less pessimistic in August, more optimistic ahead. Bsp.Gov.Ph. <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?Itemid=8088&MType=MediaReleases>
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Oil Prices Trickle Down; U.S.-China Talks in Focus



Crude oil prices softened over the week with improving oil supply conditions and ceasefire soundings from the U.S. and Iran. WTI crude tumbled from near-\$100/bbl to sub-\$90/bbl as Saudi Arabia signaled partial reopening of its east-west pipeline. A mid-week oil price surge brought it back near \$97/bbl as skirmishes in the Middle East occurred. That said, oil moved decisively lower towards \$92/bbl with news of U.S.-Iran ceasefire proposals, though President Trump rejected Iran's conditional offer over the weekend.



Meanwhile, President Trump and President Xi Jinping met in Washington during the latter's state visit, with friendly soundings over cooperation in AI and trade, though no formal agreements were announced.



Outlook: Global markets may trade more out of Middle East soundings, with the latest round of de-escalation calls lodging oil below \$100/bbl. Durably softer oil prices may invite some reprieve from the high bond yield environment as of late, but the fundamental problem of fiscal sustainability in advanced economies remains unresolved.



FOREX FOCUS

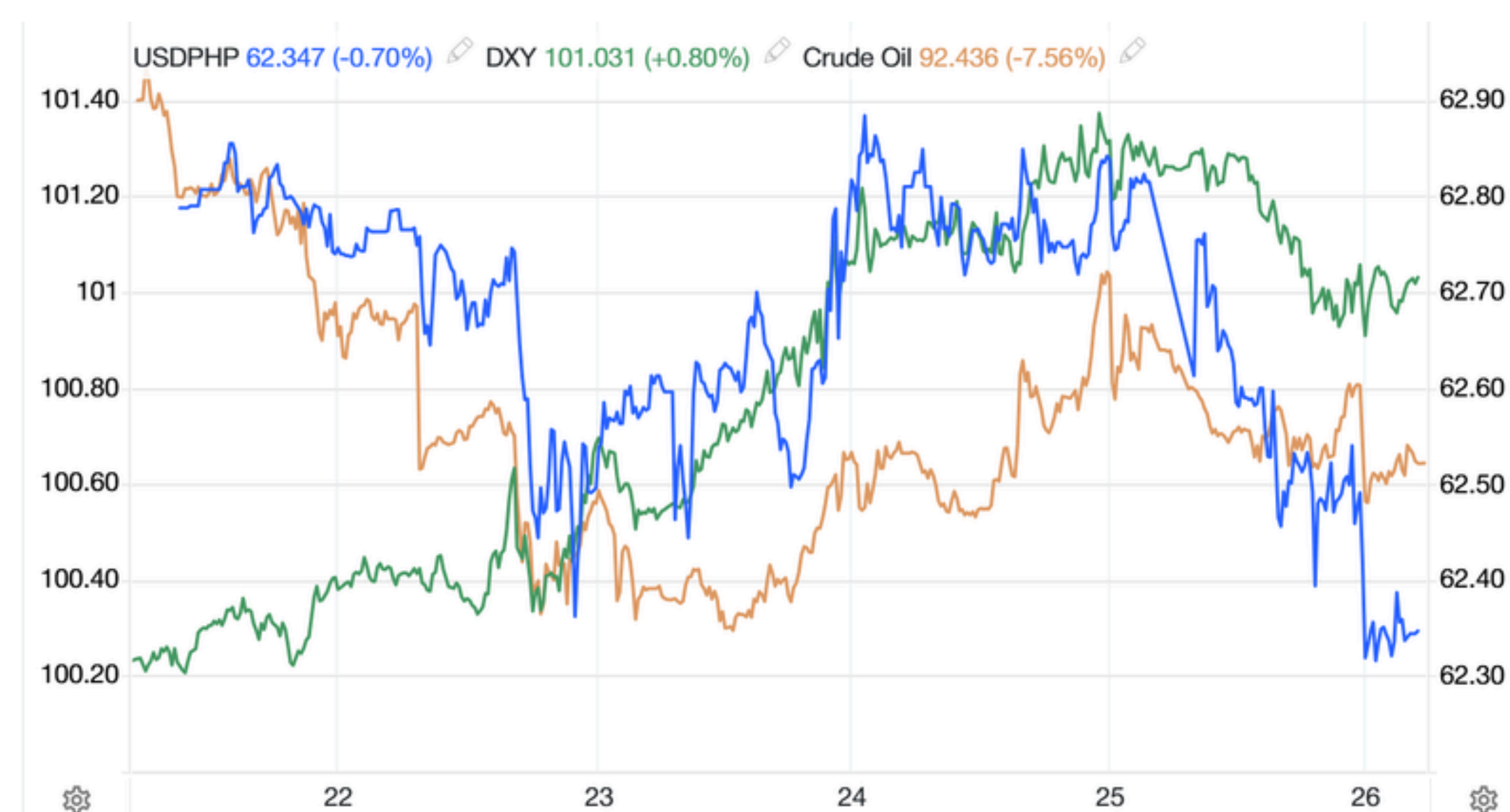
USDPHP Strengthens on Softer Oil Prices

The sharp fall in crude oil prices dictated the direction of USDPHP, defying the strengthening of the U.S. dollar.

The peso appreciated by approximately 0.5% against the U.S. dollar, with USDPHP closing at P62.465/\$ by week's end. After all, WTI crude fell below our estimated threshold of \$95/barrel. Trading volume averaged \$1.39-B a tiny -0.8% slide from \$1.40-B previously. Volatility increased (with hourly standard deviation at P0.315 from P0.0693 a week ago) mainly due to the large FX drop during the week. However, firms took advantage of the USDPHP lows to step up demand on Friday with volume at \$1.83-B, much above the average.

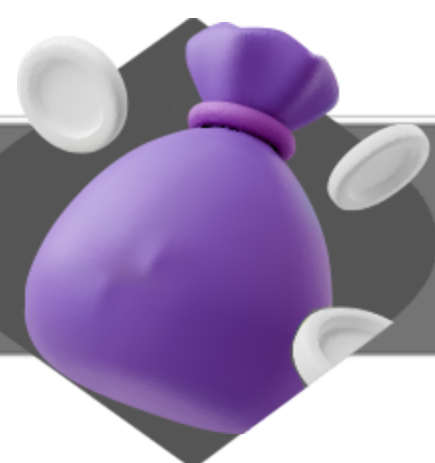


Source: Gabriel, S. (2022, October 20). a close-up of some money. Unsplash; Unsplash. <https://unsplash.com/photos/a-close-up-of-some-money-Nh7lgn5Chk>



Source: Trading Economics. (2026). US Dollar Philippine Peso. Tradingeconomics.com. <https://tradingeconomics.com/philippines/currency>

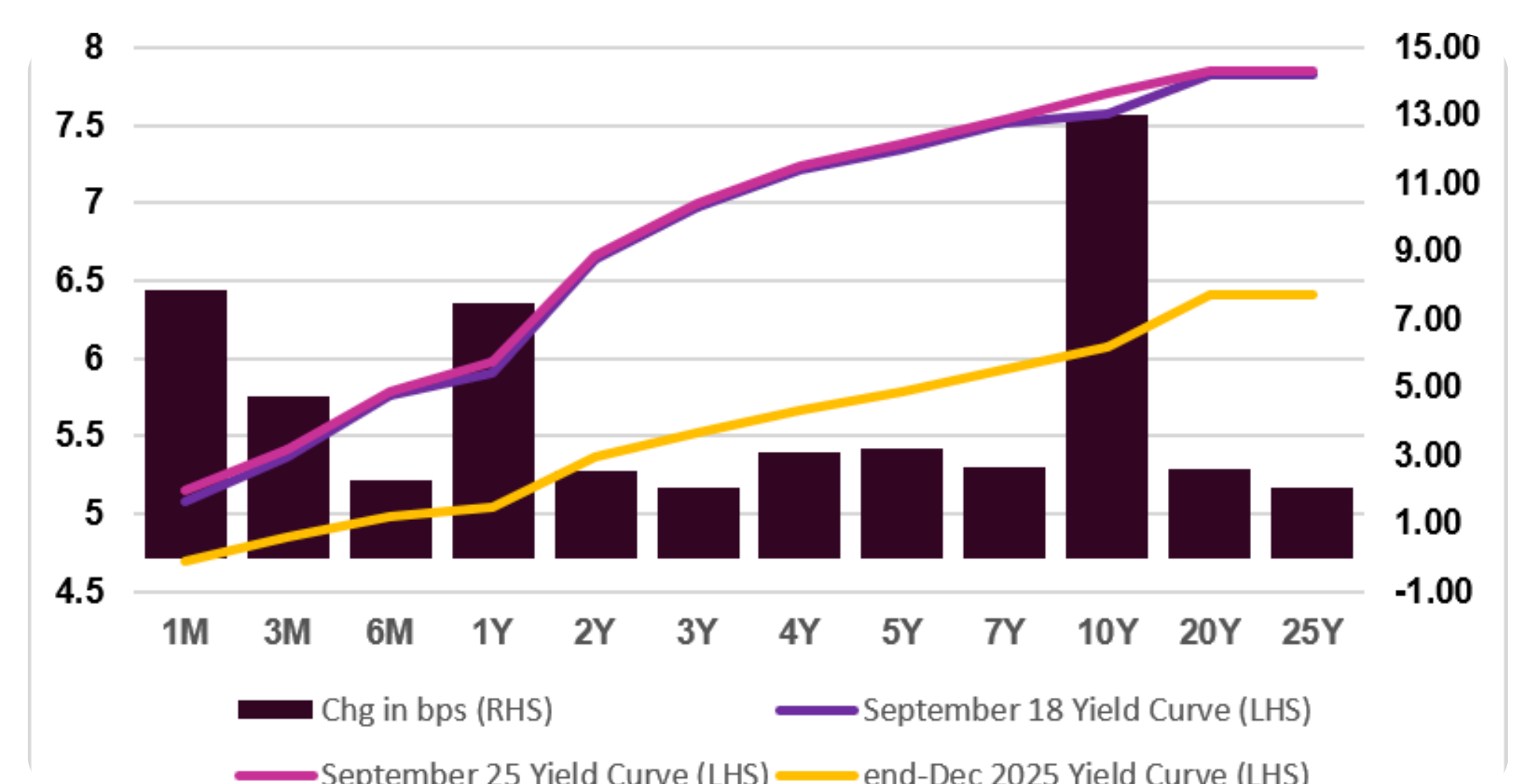
Outlook: Softer crude oil prices and elevated U.S. interest rates could influence USDPHP movements in the near term (i.e., 10-Y yields at highest levels since the first decade of New Millennium).



THE BOND BLUEPRINT

Bond Market Participants Keep to the Sidelines

Risk-aversion remained in auctions and secondary markets, reflected in lower volumes and higher yields. An environment of selloff of U.S. Treasuries (leading to higher interest rates) and elevated crude oil prices prevailed.



Source: Bloomberg, Authors' Calculations

GS Auctions

Investors kept their powder dry as Tender-Offer-Ratio (TOR fell) to 1.622x from 1.870x, even as BTr offered P10-B more in 35-day CMB in order to obtain lower costs. More demand for Treasury bills (T-bills) emerged as they fetched a TOR of 2.20x+ for both 182-day and 364-day T-bills. Yields climbed least for former by 4.0 bps to 5.821% and most for 364-day with 12.1 bps to 6.043%. Softer demand for the long-dated offering of 4.8Y (FXTN 20-17) re-issue, translated into a TOR at 1.391x with yields up by 8.6 bps to 7.438%

GS Secondary Trading

Trading volume plunged by -23.1% w/w to P111.0-B, the lowest since the week of April 27 this year. Yields generally took higher ground with 10Y benchmark yields taking the largest jump 13.0 bps to 7.7057%. The curve's belly showed the least upticks from 2.1 bps for 3Y, 2.6 bps for 2Y and 7Y and max 3.2 bps for 5Y. While 20Y and 25Y mildly rose by 2.0+ bps, their cumulative gains in the last 3 weeks reached 52.0+ bps, while faring less at 44.8 bps for 10Y. Shorter tenors had 3-week upswings of around 30.0+bps. The yield movements showing limited gains in the belly reflect a +11.4% points increase in market share for 3Y-5Y to 43.6%, with 2.0+% points for 1Y-3Y and 5Y-7Y buckets at the expense primarily of longer tenors and the 3M-6M space.



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

Outlook: Despite much lower crude oil prices due to Saudi Arabia's workaround with its pipeline disruption, pressure from higher U.S. interest rates, expectations surrounding BSP monetary policy, and the upcoming September inflation print could influence local bond market activity.



THE EQUITY PLAY

Top Five Index Winners & Losers

Stock	Close as of September 25	W/W Change
URC	59.2	4.2%
CNVRG	9.2	3.6%
GTCAP	437.0	3.6%
AEV	37.9	2.4%
MBT	62.0	2.7%
SCC	15.3	-14.9%
MER	444.2	-7.5%
RCR	6.5	-6.6%
ACEN	2.7	-5.9%
AREIT	36.6	-4.6%

Source: LSEG. (2026). LSEG Workspace [Database]. Retrieved September 25, 2026 from "Workspace Add-in for Excel"

PSEi Slips as Risk-Off Mood Persists

The PSEi slipped by -0.51% w/w (-29.94 points) to 5,825.97, extending its losing streak despite a strong late-week rebound. The index fell to a weekly closing low of 5,730.02 on Thursday, September 24, before recovering by +1.67% (+95.95 points) on Friday to pare its losses. Elevated U.S. Treasury yields, oil price fluctuations, and inflation concerns kept investors risk-off, with bargain hunting only setting in by Friday.

Market turnover fell by -38.12% w/w to P36.31-B from P58.68-B previously. Foreign investors were net sellers in four of five sessions, although P2.85-B in net buying on Friday narrowed the weekly net foreign outflow to P816.32-M from P4.20-B a week earlier. Foreign activity accounted for 46% of total market transactions.

Sectoral performance was broadly negative, with only two sectors posting gains. Services led with a +0.90% w/w rise to 3,192.41, followed by Holding Firms at +0.14% to 4,143.01. Mining & Oil recorded the steepest decline, falling by -5.76% w/w to 20,600.79.

Market breadth remained negative, with 83 gainers, 138 losers, and 26 unchanged issues.



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

Outlook: Softer crude oil prices, movements in global yields, and recent market activity could influence the local bourse following last Friday's rebound. The PSEi's P/E stood at 10.3x.



OUR OUTLOOK

- 1 **Inflation:** The September inflation print could influence expectations surrounding the BSP's monetary policy path.
- 2 **Quarter-End Activity:** Portfolio rebalancing ahead of quarter-end could influence trading activity in index heavyweights.
- 3 **US Yields:** Movements in U.S. Treasury yields could affect foreign fund flows and the Philippine peso.
- 4 **Market Levels:** The PSEi's 5,800 level may remain an area watched by market participants following recent declines.

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