Economic Watch

eastwest

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THE LOCAL READ

Source: Unsplash. (n.d.). Photo by JC Gellidon on Unsplash. Unsplash; Unsplash. https://unsplash.com/photos/aerial-photography-of-city-skyline-GTbRLPZ124Q

Remittances Grow by 2.0%, Construction Materials Price Growth Hits 3-Month Low

Recent data releases show resilient OFW remittances despite the Middle East war (+2.0% y/y) and softening price pressures for construction materials (+3.4% y/y).

Personal OFW remittances (including in-kind transfers) increased by 2.0% y/y (prev. 2.0%) to $3.37-B amid elevated domestic prices, peso weakness, and continued pressures in Middle Eastern host countries. Remittance transfers support the household spending-driven economy and aid in international reserve accumulation.

Meanwhile, some reprieve for developers came in as the growth in wholesale construction material prices in NCR sat at +3.4% y/y in September (prev. 3.6%) as slower demand conditions tamed demand-driven price pressures. Weather disruptions and delayed infra project implementation likely trimmed demand pull inflation for the heavily-weighted concrete products category.

Outlook: Remittance inflows may strengthen during the fourth-quarter holiday season, providing a modest lift to economic growth. Meanwhile, building material prices may remain stable unless faster project approvals spur demand or supply shocks, particularly higher freight costs, emerge. Looking ahead, local markets will likely eye the dual BSP and Fed meetings this month to set the tone.

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GLOBAL LENS

Image Source: Theo, Z. (2020, January 7). oil rig. Unsplash; Unsplash. https://unsplash.com/photos/oil-rig-guADzpF9pDI

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Crude Oil Prices Tread Higher; U.S. Treasury Yields Ease

Crude oil prices tipped above the $100/barrel mark last week, with new strikes against energy supply chains widening the uncertainty premium. UK Maritime Trade Operations (UKMTO) service found 12 vessels attacked last week, the highest weekly total so far, with the majority of damaged vessels transporting crude or petroleum products.

Meanwhile, equity markets recovered slightly as U.S. Treasury yields eased from recent highs, with markets pricing in a potential Fed rate hold at its October meeting. Fed officials signaled little urgency for a rate hike this month, believing that higher long-term yields can naturally dampen demand-driven inflation.

Outlook: Global markets are still sitting on acute supply-driven inflation risks and shifting monetary policy expectations. With crude oil surging past $100 per barrel following a sharp spike in maritime attacks along key energy supply chains, persistent fuel cost pressures threaten to complicate the broader disinflation narrative.

FOREX FOCUS

Peso Dollar Rate Slides on Oil Woes

Monday to Wednesday, the market reaction had been muted with average daily volume at only $1.01-B. The continued rise in crude oil prices toward $100 per barrel drove trading volume to $1.5 billion, particularly after the exchange rate breached Php63.00 per dollar. Friday's close showed a correction from the new all-time high of P63.006/$ on Thursday. Still, the FX rate closed at P62.985/$ or 0.3% higher w/w from P62.801/$ previously. The peso-dollar treaded in a higher trading range above P62.80/$ with little variation (i.e., hourly standard deviation) at P0.1211 from 0.0945 previously.

Source: PiggyBank. (2022). a pile of money sitting on top of a table. In Unsplash. Unsplash. https://unsplash.com/photos/a-pile-of-money-sitting-on-top-of-a-table-1SbXOfNcjnU

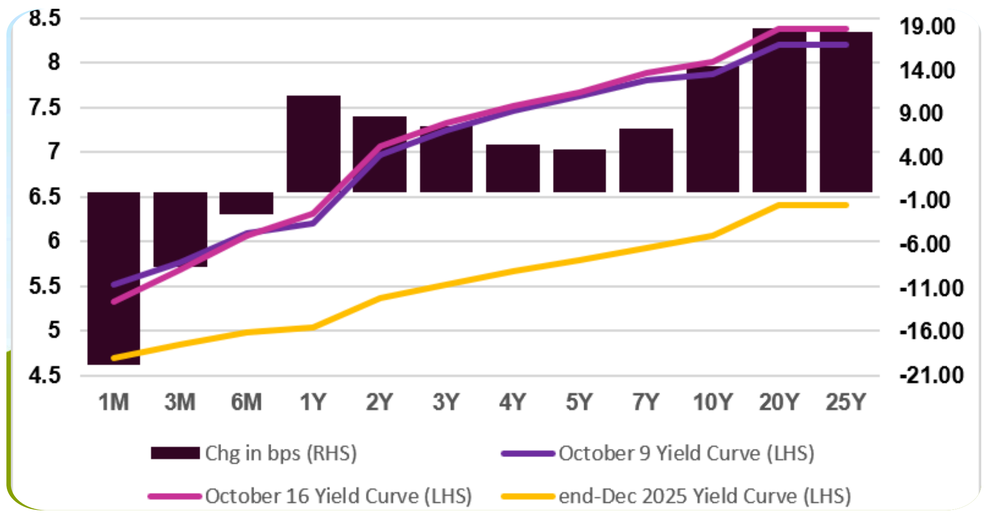
Source: Trading Economics. (2026). US Dollar Philippine Peso. Tradingeconomics.com. https://tradingeconomics.com/usdphp:cur

Outlook: Elevated crude oil prices could continue to influence peso movements in the coming week. The upcoming BSP and Fed policy decisions will also be closely watched for their potential impact on exchange rates.

THE BOND BLUEPRINT

Central Bank Meetings Move Bond Traders

Main driver has been U.S and foreign interest rate movements (impacted by expectation of policy rate changes) and the slight softening on Friday.



Source: Bloomberg, Authors' Calculations

GS Auctions

De-risking kept the overall TOR tepid at 1.278x versus 1.203x. Despite a preference for shorter tenors, T-bill TOR weakened to 1.361x from 1.525x. The BTr accepted 84.7% of the P20.0-B 91-day offer and 86.6% of the 182-day offer, but fully awarded P10.0-B of 364-day bills. Yields rose 13.7 bps to 6.351% for 364-day bills and 20.0 bps to 6.171% for 182-day bills. T-bond TOR was lower at 1.710x: the BTr nearly fully awarded the P10.0-B 23.3Y FXTN 25-12, but accepted only 61.7% of the P25.0-B 3.8Y FXTN 07-10. Versus their previous offerings, yields rose 69.0 bps for FXTN 07-10 from August and 60.2 bps for FXTN 25-12 from March 2026, landing at 7.678% and 8.002%, respectively.

GS Secondary Trading

Secondary trading volume improved by +26.15% w/w to P134.97- B. Activity slinked more towards the short end, with the 3M-6M space taking the lion's share of trading (73.38%), to the detriment of the <3M and 6M-1Y spaces. Traders appeared to be sensitive to forex and inflation concerns, prompting double digit yield increases towards the tail of the curve.

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

Outlook: Elevated crude oil prices could exert upward pressure on longer-term yields. The upcoming BSP and Fed policy decisions are also expected to influence movements across the yield curve.

THE EQUITY PLAY

Top Five Index Winners & Losers

Stock	Close as of Oct 16	W/W Change
TEL	1,250.0	8.7%
SMPH	17.1	7.4%
SCC	12.3	6.0%
RCR	6.8	5.8%
BPI	99.8	5.7%
PLUS	7.3	-11.0%
CNPF	30.9	-5.8%
MONDE	6.1	-4.1%
ACEN	2.7	-3.3%
CBC	48.0	-2.9%

Source: LSEG. (2026). LSEG Workspace [Database]. Retrieved Oct 16, 2026 from "Workspace Add-in for Excel"

PSEi Resumes Rebound

The PSEi rose by +1.43% w/w (+81.71 points) to 5,782.70, extending its rebound from the previous week. After slipping to 5,617.23 on Wednesday, October 14, the index rallied to a weekly high of 5,782.70 on Friday, October 16. Bargain hunters stepped in mid-week along with net foreign buying to lift market valuations.

Market turnover fell by -24.63% w/w to P32.49-B from P43.10-B in the previous period. Foreign investors remained net sellers, posting P1.41-B in weekly net outflows versus P1.37-B previously. Sentiment improved late in the week, however, as foreign funds shifted from net selling on Monday-Wednesday to net buying on Thursday (+P140.50-M) and Friday (+P148.21-M). Foreign participation accounted for 63% of total transactions.

Sectoral performance was largely positive, with four of six sectors ending higher. Property led gains at +2.88% w/w to 1,807.99, followed by Financials at +1.90% to 1,805.83. Holding Firms and Services rose by +1.11% to 4,252.83 and +0.52% to 3,048.23, respectively. Mining & Oil eased by -0.26% to 19,221.57, while Industrials slipped by -0.11% to 7,426.03.

Market breadth turned slightly negative, with 100 gainers, 107 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 bourse may trade cautiously on two major events: the Mynt IPO and the BSP's October meeting, especially with last Friday's gains. The PSEi may encounter some volatility afterwards, as traders move positions along with the expected swings. Third-quarter earnings results may also induce sectoral rotations.

OUR OUTLOOK

1. The upcoming BSP policy decision may influence expectations for domestic interest rates, bond yields, and peso movements.
2. Big Tech's Q3 earnings, upcoming US housing and PMI data, and Treasury auctions will be closely watched for fresh signals on the US economy and financial markets.
3. Upcoming Philippine Q3 corporate earnings and movements in bond yields may influence investor sentiment and local market activity.
4. Investors may closely watch the anticipated Mynt/GCash listing for its potential impact on market sentiment and trading activity.
5. Potential fund flows from Indonesia into Philippine equities could provide support to the local stock market.

This product feature is separate from and not influenced by the market commentary shown.

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