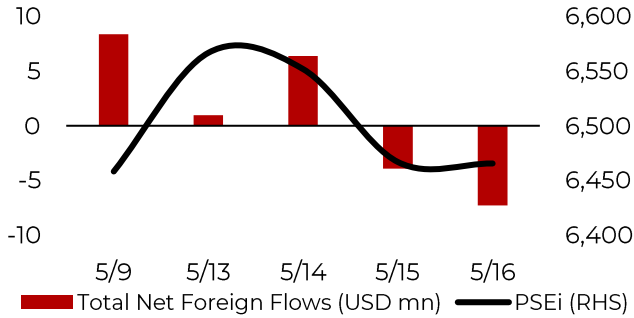


The Morning View

May 19, 2025

Philippine Stock Exchange Index

-0.02% DoD; Net foreign selling: \$7.28mn



	Level	DoD
PSEi	6,465.53	-0.02%
3-mo bond yield	5.51%	-1.20 bps
2-yr bond yield	5.76%	-1.07 bps
5-yr bond yield	5.88%	-2.13 bps
10-yr bond yield	6.17%	-3.74 bps
USDPHP	55.64	-0.20%
Oil (Brent, \$ / barrel)	65.41	+1.36%

Philippine banks' non-performing loans (NPL) ratio eased to a three-month low of 3.30% in March from 3.38% in February. The softening NPL ratio was mainly driven by the loan portfolio of the banking system rising by 3.02% MoM to Php15.63 trillion. NPLs only grew 0.54% MoM to Php516.12 billion.

Maynilad Water Services, Inc. reduced the size of its planned initial public offering (IPO) to Php45.8 billion (84.33% primary issuance), with the listing now scheduled for July 17. The initial planned IPO size was Php49.0 billion and the original listing was scheduled for July 10. Notably, the upside option of the IPO of up to 354.7 million shares will now be purely secondary shares.

Local equities closed flat amid cautious trading and a lack of significant catalysts. Investors also weighed the slower growth in Overseas Filipino Workers' cash remittances in March. The PSEi closed at 6,465.53 (-0.02% DoD).

Local fixed income yields fell and the **Philippine peso** strengthened against the greenback following the weaker-than-expected US producer price index inflation and retail sales data.

On average, yields fell by 1.30 bps, with the 2Y closing at 5.76% (-1.07 bps) and the 10Y closing at 6.17% (-3.74 bps).

USD/PHP pair closed at 55.64 (-0.20% DoD).

Moody's downgraded the US sovereign credit rating to Aa1 from Aaa. Moody's likewise changed its outlook to the US from negative to stable. The credit downgrade was attributed to the US' growing debt and interest expenses, and widening fiscal deficits.

University of Michigan's US consumer sentiment index dropped to 50.8 in May from 52.2 in April. Consumers' year-ahead inflation expectation soared to 7.3% in May, worsening from 6.5% in April. Additionally, 5-year inflation expectation rose to 4.6% in May from 4.4% in the prior month.

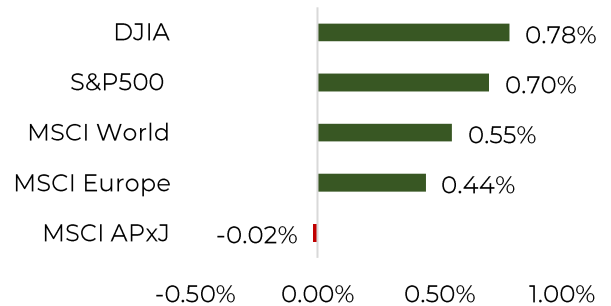
US equities rose amid easing global trade tensions after President Trump said his administration would send letters outlining new tariffs to countries in place of trade negotiations. The S&P 500 closed at 5,958.38 (+0.70% DoD), while the DJIA ended at 42,654.74 (+0.78% DoD).

US Treasury yields climbed, and the **US dollar** strengthened as investors digested the University of Michigan's Survey for Consumers in May, which showed a jump in consumers' inflation expectations.

On average, yields rose by 3.05 bps, with the 2Y closing at 4.00% (+3.90 bps) and the 10Y closing at 4.48% (+4.80 bps).

The DXY closed at 101.09 (+0.21% DoD).

Global Stock Indices



	Level	DoD
S&P 500	5,958.38	+0.70%
DJIA	42,654.74	+0.78%
3-mo US Treasury yield	4.35%	-1.70 bps
2-yr US Treasury yield	4.00%	+3.90 bps
5-yr US Treasury yield	4.10%	+3.80 bps
10-yr US Treasury yield	4.48%	+4.80 bps
DXY	101.09	+0.21%

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