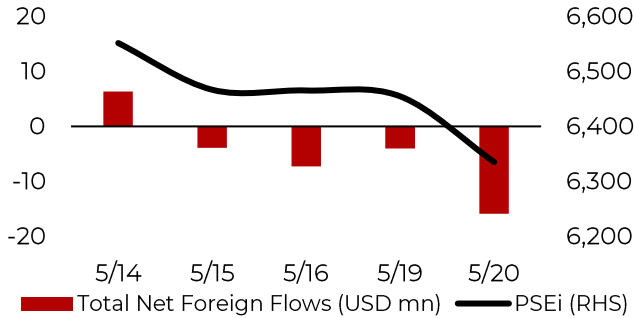


The Morning View

May 21, 2025

Philippine Stock Exchange Index

-1.85% DoD; Net foreign selling: \$15.90mn



| | Level | DoD |
|--------------------------|----------|-----------|
| PSEi | 6,335.33 | -1.85% |
| 3-mo bond yield | 5.48% | -2.91 bps |
| 2-yr bond yield | 5.76% | -0.66 bps |
| 5-yr bond yield | 5.88% | +0.28 bps |
| 10-yr bond yield | 6.18% | -1.61 bps |
| USD/PHP | 55.63 | -0.07% |
| Oil (Brent, \$ / barrel) | 65.38 | -0.24% |

The Philippine banking industry's combined net earnings rose to Php101.9 billion (+10.6% YoY) in 1Q25. Continued growth was supported by the increase in net interest income to Php276.2 billion (+11.6% YoY) as lending rose to Php13.2 trillion (+11.8% YoY) and non-interest income to Php60.7 billion (+14.5% YoY).

Jollibee Foods Corp. (PSE Ticker: JFC) announced its plans to expand the footprint of its flagship brand in Southeast Asia. This is in line with JFC's 5-year plan to triple its attributable net income. The group is also seeking new franchisees in untapped Southeast Asian markets. As of end-March, JFC operates 3,383 stores in the Philippines and 6,542 stores overseas.

Local equities declined as the country's wider balance of payments deficit and soft car sales data dampened market sentiment. The PSEi closed at 6,335.33 (-1.85% DoD).

Local fixed income yields fell after the Bureau of the Treasury's reissued 10-year bonds saw strong demand. On average, yields fell by 2.14 bps, with the 2Y closing at 5.76% (-0.66 bps) and the 10Y closing at 6.18% (-1.61 bps).

The **Philippine peso** slightly strengthened as the US dollar broadly weakened after Moody's recent US credit downgrade sparked concerns over the US economy. The USD/PHP pair closed at 55.63 (-0.07% DoD).

US Federal Reserve officials urged patience on policy rate decisions until the tariffs' impact on prices proves fleeting or persistent. Atlanta Fed President Bostic said that the tariff impact has not shown up in the numbers yet. Cleveland Fed President Hammack and San Francisco Fed President Daly also recommended to hold off on policy action until the data can be analyzed carefully.

The People's Bank of China (PBOC) reduced both its one-year loan prime rate (LPR) and its five-year LPR by 10 bps to 3.0% and 3.5%, respectively. The rate cuts are part of various measures announced by PBOC Governor Pan Gongsheng to help buffer the economy from the impact of US tariffs.

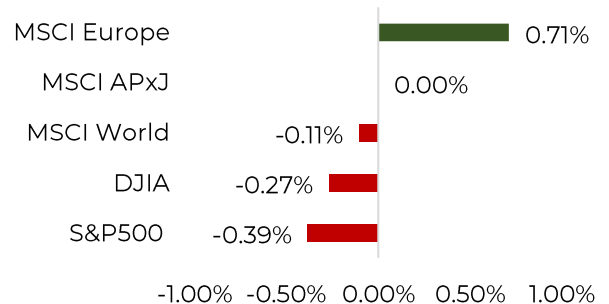
US equities fell, **US Treasury yields** ended mixed, and the **US dollar** weakened as investors digested cautious remarks from several Fed officials. This was also amid concerns over the US' fiscal position as the Congress debates a bill on tax cuts.

The S&P 500 closed at 5,940.46 (-0.39% DoD), while the DJIA ended at 42,677.24 (-0.27% DoD).

On average, yields rose by 1.86 bps, with the 2Y closing at 3.98% (-0.40 bps) and the 10Y closing at 4.49% (+3.80 bps).

The DXY closed at 100.12 (-0.31% DoD).

Global Stock Indices



| | Level | DoD |
|-------------------------|-----------|-----------|
| S&P 500 | 5,940.46 | -0.39% |
| DJIA | 42,677.24 | -0.27% |
| 3-mo US Treasury yield | 4.34% | -1.50 bps |
| 2-yr US Treasury yield | 3.98% | -0.40 bps |
| 5-yr US Treasury yield | 4.08% | +1.00 bps |
| 10-yr US Treasury yield | 4.49% | +3.80 bps |
| DXY | 100.12 | -0.31% |

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