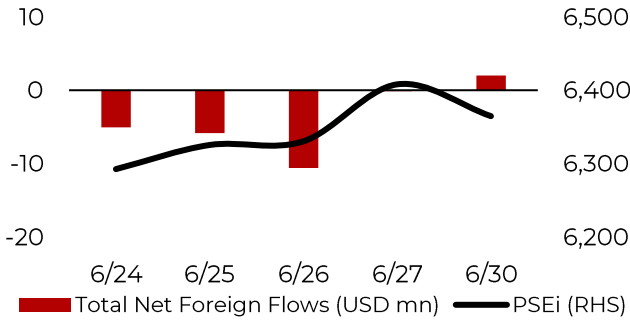


The Morning View

July 1, 2025

Philippine Stock Exchange Index

-0.68% DoD; Net foreign buying: \$2.03mn



	Level	DoD
PSEi	6,364.94	-0.68%
3-mo bond yield	5.49%	+1.30 bps
2-yr bond yield	5.72%	-0.39 bps
5-yr bond yield	5.94%	+0.33 bps
10-yr bond yield	6.28%	-4.37 bps
USDPHP	56.33	-0.42%
Oil (Brent, \$ / barrel)	67.61	-0.24%

The National Wages and Productivity Commission approved the Php50 minimum daily wage increase for workers in the National Capital Region, starting July 18. The Department of Labor and Employment stated that about 1.2 million workers in the NCR and nearby cities and provinces would benefit from this wage hike.

Manila Water Co., Inc. (PSE Ticker: MWC) has acquired full ownership of WawaJVCo, Inc. (WawaJVCo) from PrimeInfrastructure Inc. for Php37.8 billion. WawaJVCo manages the Wawa Bulk Water Supply Project in Antipolo. Currently, the project supplies 80 million liters per day (mld) and has a potential capacity of 710 mld upon full commercial operation.

Local equities declined as investors took profits after a four-day rally. This was also ahead of the local June inflation data release later this week. The PSEi closed at 6,364.94 (-0.68% DoD).

Local fixed income yields ended mixed and the **Philippine peso** strengthened amid expectations that headline local inflation likely picked up but still within the central bank's target in June. Investors also weighed slower US consumer spending data, which boosted expectations for a potential Fed rate cut.

On average, yields fell by 0.19 bps, with the 2Y closing at 5.72% (-0.39 bps) and the 10Y closing at 6.28% (-4.37 bps).

The USD/PHP pair closed at 56.33 (-0.42% DoD).

Chicago Fed President Austan Goolsbee stated that he sees no possibility that the tariffs could cause stagflation. However, he flagged that there is 'definitely' a possibility that both unemployment and inflation could get worse at the same time.

Atlanta Fed President Raphael Bostic said that the tariff pass-through could be slow, leading to more persistent upward pressure on inflation. Bostic penciled in one more rate cut for the year, citing that the Fed has the "luxury" of being able to wait for more information as the labor market remains solid.

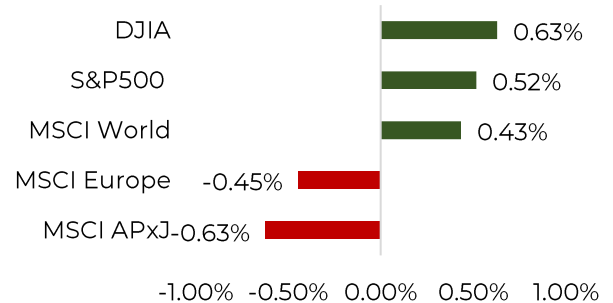
US equities rose amid optimism over future trade deals after Canada halted its digital services tax to resume trade negotiations with the US. The S&P 500 closed at a record high of 6,204.95 (+0.52% DoD), while the DJIA ended at 44,094.77 (+0.63% DoD).

US Treasury yields dropped, and the **US dollar** weakened as investors monitored updates on the passage of US President Trump's spending bill which is set for a final debate in the Senate. The market also awaited key labor data reports this week, including job openings and nonfarm payrolls.

On average, yields fell by 2.64 bps, with the 2Y closing at 3.72% (-2.70 bps) and the 10Y closing at 4.23% (-4.90 bps).

The DXY closed at 96.88 (-0.54% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,204.95	+0.52%
DJIA	44,094.77	+0.63%
3-mo US Treasury yield	4.30%	-0.30 bps
2-yr US Treasury yield	3.72%	-2.70 bps
5-yr US Treasury yield	3.80%	-3.30 bps
10-yr US Treasury yield	4.23%	-4.90 bps
DXY	96.88	-0.54%

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