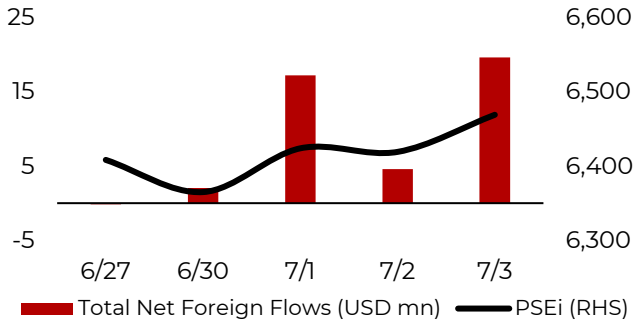


The Morning View

July 4, 2025

Philippine Stock Exchange Index

+0.78% DoD; Net foreign buying: \$19.60mn



	Level	DoD
PSEi	6,468.98	+0.78%
3-mo bond yield	5.49%	+2.11 bps
2-yr bond yield	5.72%	-0.14 bps
5-yr bond yield	5.94%	-0.71 bps
10-yr bond yield	6.24%	-1.25 bps
USDPHP	56.25	-0.20%
Oil (Brent, \$ / barrel)	68.80	-0.45%

Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona signaled the possibility of two more 25-bp rate cuts this year as inflation and growth remain low. He also noted that the rate cuts cannot compensate entirely for the slowdown in growth as it was due to global uncertainty, which caused consumers and businesses to postpone investments and big-ticket purchases.

Manila Electric Co. (PSE Ticker: MER) stated that it expects a recovery in energy sales volumes in 2H25, to be driven by a rebound in demand from the commercial and industrial segments. Meanwhile, MER expects energy sales volume to remain flat for 1H25, due to cooler weather during the period.

Local equities rebounded and **local fixed income yields** fell amid expectations that the June local inflation print remained below the BSP's 2-4% target.

The PSEi closed at 6,468.98 (+0.78% DoD).

On average, yields rose by 0.06 bps, with the 2Y closing at 5.72% (-0.14 bps) and the 10Y closing at 6.24% (-1.25 bps).

The **Philippine peso** strengthened after the weaker-than-expected US private payrolls report in June, which reinforced bets of further rate cuts from the Fed. Investors also awaited the local inflation print and the US nonfarm payrolls report for June. The USD/PHP pair closed at 56.25 (-0.20% DoD).

The US House of Representatives voted 218-214 to pass Trump's \$3.4-trillion tax-cut and spending bill. The bill features making the 2017 tax cuts permanent, further tax cuts on income, cuts on health and food safety net programs, and removal of dozens of green energy incentives. Trump is expected to sign the bill into law on July 4.

US nonfarm payroll additions unexpectedly rose to 147k in June (Revised May: 144k), while unemployment fell to 4.1% (May: 4.2%). More than half of the employment gains were seen in the government sector which added 73,000 jobs, while the private sector gained 51,000 jobs, slowest in eight months.

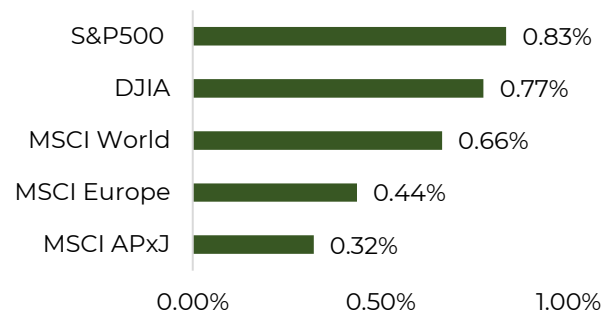
US equities rose, **US Treasury yields** climbed, the **US dollar** strengthened as investors cheered the surprise growth in nonfarm payrolls and the decline in unemployment rate for June. These signaled continued resilience in the US labor market, which led investors to temper their Fed rate cut bets.

The S&P 500 closed at 6,279.35 (+0.83% DoD), while the DJIA ended at 44,828.53 (+0.77% DoD).

On average, yields rose by 5.45 bps, with the 2Y closing at 3.89% (+9.90 bps) and the 10Y closing at 4.35% (+6.90 bps).

The DXY closed at 97.18 (+0.42% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,279.35	+0.83%
DJIA	44,828.53	+0.77%
3-mo US Treasury yield	4.36%	+2.20 bps
2-yr US Treasury yield	3.89%	+9.90 bps
5-yr US Treasury yield	3.94%	+7.20 bps
10-yr US Treasury yield	4.35%	+6.90 bps
DXY	97.18	+0.42%

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