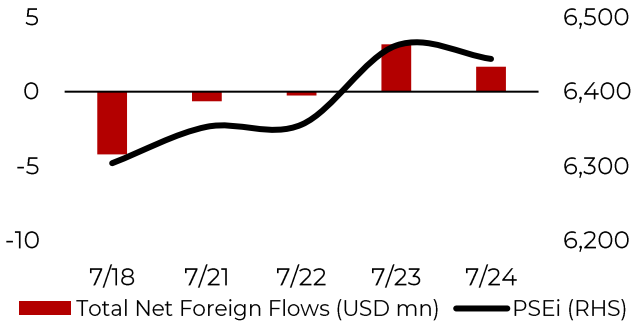


The Morning View

July 25, 2025

Philippine Stock Exchange Index

-0.28% DoD; Net foreign buying: \$1.69mn



| | Level | DoD |
|--------------------------|----------|-----------|
| PSEi | 6,444.16 | -0.28% |
| 3-mo bond yield | 5.42% | -0.16 bps |
| 2-yr bond yield | 5.70% | -1.92 bps |
| 5-yr bond yield | 5.97% | -1.91 bps |
| 10-yr bond yield | 6.25% | -0.92 bps |
| USDPHP | 56.65 | -0.41% |
| Oil (Brent, \$ / barrel) | 69.18 | +0.98% |

The Bureau of the Treasury (BTr) reported that the National Government's budget deficit widened to Php241.61 billion (+15.56% YoY) in June. This was driven by faster state spending due to higher National Tax Allotment shares of local government units, the annual block grant to the Bangsamoro Autonomous Region in Muslim Mindanao, personnel services, and interest payments.

Aboitiz Equity Ventures, Inc. (PSE Ticker: AEV) said it is finalizing a strategic partnership with Global Infrastructure Partners (GIP) for the acquisition of a 40% stake in Aboitiz InfraCapital, Inc. GIP, a US-based infrastructure fund manager, manages over \$183 billion in infrastructure assets under its parent firm, BlackRock.

Local equities declined and **local fixed income yields** fell after ASEAN+3 Macroeconomic Research Office and Asian Development Bank downgraded their PH economic growth forecasts for 2025 and 2026. Meanwhile, the **Philippine peso** slightly strengthened amid easing uncertainty after the US finalized trade deals with more countries.

The PSEi closed at 6,444.16 (-0.28% DoD).

On average, yields fell by 0.75 bps, with the 2Y closing at 5.7% (-1.92 bps) and the 10Y closing at 6.25% (-0.92 bps).

The USD/PHP pair closed at 56.65 (-0.41% DoD).

US S&P Global flash Composite Purchasing Managers' Index (PMI) rose to 54.6 in July (June: 52.9). This was attributed to the pick up in the services sector, while the manufacturing sector contracted. Despite the improvement, business sentiment remained downbeat due to broad-based concerns over tariffs.

The European Central Bank (ECB) kept its main deposit facility interest rate unchanged at 2%. ECB President Lagarde said that the central bank is in a "wait and watch" approach on tariffs. Meanwhile, prices continued to ease and wage growth slowed.

US equities ended mixed as investors digested a fresh batch of 2Q25 corporate results. Alphabet beat earnings expectations, while Tesla posted a second straight quarter decline in auto sales. The S&P 500 closed at a record high of 6,363.35 (+0.07% DoD), while the DJIA ended at 44,693.91 (-0.70% DoD).

US Treasury yields inched up, and the **US dollar** strengthened on the back of the lower-than-expected jobless claims of 217,000 for the week ended July 19, and the above-consensus US S&P flash Composite PMI. Both reinforced bets that the Fed has room to delay policy rate cuts.

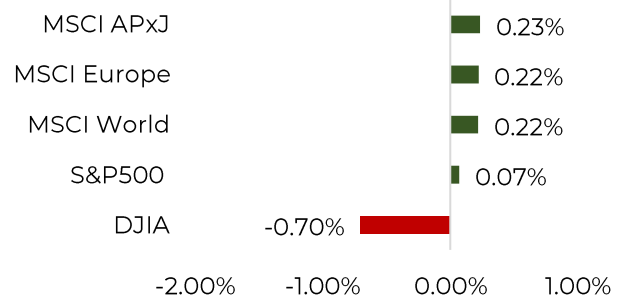
On average, yields rose by 1.31 bps, with the 2Y closing at 3.92% (+3.60 bps) and the 10Y closing at 4.4% (+1.40 bps).

The DXY closed at 97.38 (+0.17% DoD).

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Global Stock Indices



| | Level | DoD |
|-------------------------|-----------|-----------|
| S&P 500 | 6,363.35 | +0.07% |
| DJIA | 44,693.91 | -0.70% |
| 3-mo US Treasury yield | 4.36% | +0.20 bps |
| 2-yr US Treasury yield | 3.92% | +3.60 bps |
| 5-yr US Treasury yield | 3.96% | +2.70 bps |
| 10-yr US Treasury yield | 4.40% | +1.40 bps |
| DXY | 97.38 | +0.17% |