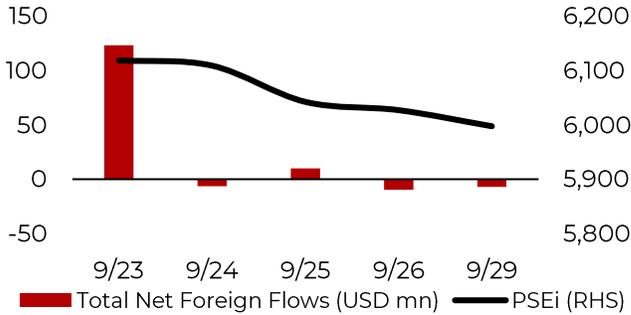


The Morning View

September 30, 2025

Philippine Stock Exchange Index

-0.49% DoD; Net foreign selling: \$6.99mn



According to the Department of Finance, the House-proposed bill seeking to cut the value-added tax (VAT) rate to 10% from 12% could cost the PH government an estimated Php330 billion annually. Finance Undersecretary Adriano warned that the move could widen the 2025 fiscal deficit to 6.5% of gross domestic product, above the 5.5% target.

First Gen Corporation (PSE Ticker: FGEN) is seeking to extend its power purchase agreement for its 1,000-megawatt Sta. Rita gas-fired power plant in Batangas. This followed the recently approved renewal until January 31, 2026. FGEN President and CEO Francis Puno stated that long-term gas supply contracts are needed to ensure cost efficiency.

Local equities fell, breaching the 6,000 level, as the weaker peso and lingering government corruption woes dampened sentiment. Meanwhile, **local fixed income yields** rose, and the **Philippine peso** weakened amid easing Fed rate cut bets after the August US core personal consumption expenditure inflation came in line with the market's expectations but stayed above the Fed's target.

The PSEi closed at 5,997.60 (-0.49% DoD).

On average, yields rose by 0.14 bps, with the 2Y closing at 5.56% (+1.10 bps) and the 10Y closing at 6.04% (+0.92 bps).

The USD/PHP pair closed at 58.15 (+0.08% DoD).

	Level	DoD
PSEi	5,997.60	-0.49%
3-mo bond yield	4.92%	-1.67 bps
2-yr bond yield	5.56%	+1.10 bps
5-yr bond yield	5.85%	+1.52 bps
10-yr bond yield	6.04%	+0.92 bps
USDPHP	58.15	+0.08%
Oil (Brent, \$ / barrel)	67.97	-3.08%

Cleveland Fed President Beth Hammack said that the Fed is facing a 'challenging time for monetary policy' as it attempts to fight stubborn inflation and protect jobs. She highlighted that inflation has been above the Fed's 2% target for 4½ years already and continues to see upside pressure, particularly in services costs.

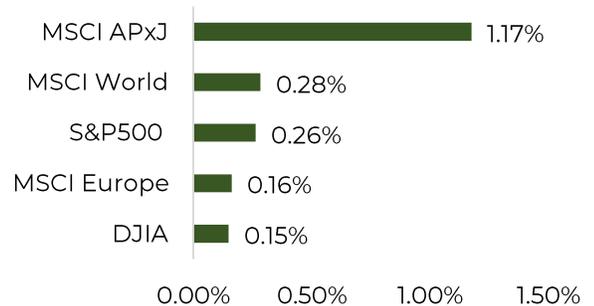
US pending home sales rebounded by 4.0% MoM in August (Revised July: -0.3%, Consensus: +0.4%), according to the National Association of Realtors. The increase in sales was on the back of the 30-year mortgage rate falling to an 11-month low in August, boosting buyer activity.

US equities rose despite the risk of a government shutdown as investors remained optimistic on artificial intelligence. The S&P 500 closed at 6,661.21 (+0.26% DoD), while the DJIA ended at 46,316.07 (+0.15% DoD).

US Treasury yields fell as investors looked ahead to key labor data releases this week, including the job openings and labor turnover survey for August and the nonfarm payrolls report for September. On average, yields fell by 2.03 bps, with the 2Y closing at 3.62% (-2.20 bps) and the 10Y closing at 4.14% (-3.60 bps).

The **US dollar** weakened amid the risk of a US government shutdown as funding is set to expire on September 30. The DXY closed at 97.91 (-0.25% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,661.21	+0.26%
DJIA	46,316.07	+0.15%
3-mo US Treasury yield	3.97%	+0.50 bps
2-yr US Treasury yield	3.62%	-2.20 bps
5-yr US Treasury yield	3.74%	-3.10 bps
10-yr US Treasury yield	4.14%	-3.60 bps
DXY	97.91	-0.25%

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