

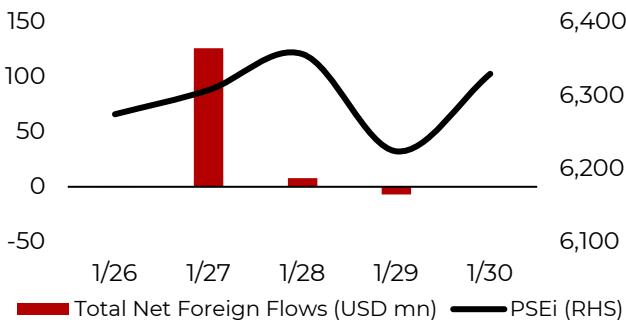


The Morning View

February 2, 2026

Philippine Stock Exchange Index

+1.70% DoD; Net foreign selling: \$6.89mn



The Department of Budget and Management reported that the National Government's infrastructure and other capital outlays fell by 45.2% YoY to Php48 billion in November. The sharp decline was attributed to the flood control corruption controversy, which slowed public works implementations and project disbursements.

The Energy Regulatory Commission (ERC) has granted Manila Electric Company (PSE: MER) and First Gen Corp. a five-month extension of their gas power supply contract. The ERC said the arrangement will continue under the same terms and conditions and will remain a pass-through charge to Meralco customers.

Local equities rebounded amid investors' bargain-hunting and the semi-annual Philippine Stock Exchange Index rebalancing. The PSEi closed at 6,328.97 (+1.70% DoD).

Local fixed income yields declined as investors continued to weigh the weaker-than-anticipated 4Q25 PH economic growth, raising expectations of more rate cuts from the Bangko Sentral ng Pilipinas rate. On average, yields fell by 1.51 bps, with the 2Y closing at 5.19% (-3.07 bps) and the 10Y ending at 5.99% (-2.43 bps).

The **Philippine peso** slightly strengthened in anticipation of US President Trump announcing his new pick for a Fed chair. This was also ahead of the release of the local January inflation print. The USD/PHP pair closed at 58.95 (-0.14% DoD).

	Level	DoD
PSEi	6,223.36	-2.08%
3-mo bond yield	4.69%	-5.07 bps
2-yr bond yield	5.22%	-1.81 bps
5-yr bond yield	5.68%	-1.57 bps
10-yr bond yield	6.01%	-1.47 bps
USDPHP	58.95	+0.35%
Oil (Brent, \$ / barrel)	70.71	+3.38%

US President Donald Trump nominated Kevin Warsh to lead the US Federal Reserve after current Fed Chair Jerome Powell's term ends in May. His appointment will need to be approved by the Senate. Kevin Warsh was a former Fed governor, serving during 2006 to 2011. While at the Fed, Warsh helped in the design and implementation of several programs including emergency lending. He later emerged as a Fed critic, warning against large-scale asset purchases and near-zero benchmark interest rates.

US producer price index (PPI) inflation remained steady at 3.0% YoY in December (Nov.: 3.0%, Consensus: 2.8%), driven by a jump in services, particularly trade services which track changes in wholesale and retail margins. Meanwhile, core PPI rose by 3.3% YoY in December (Nov.: 3.1%, Consensus: 2.9%).

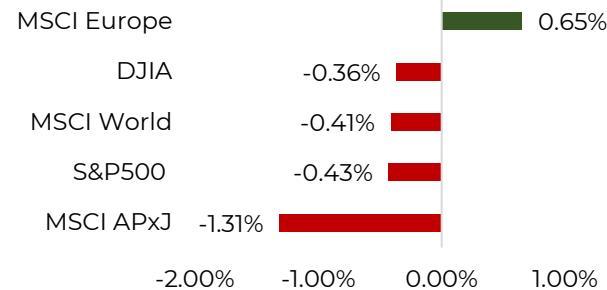
US equities fell, **US Treasury yields** ended mixed, and the **US dollar** strengthened as investors digested President Trump's decision to select former Fed Governor Kevin Warsh as the next Fed Chair. The market also looked at the hotter-than-expected US December PPI inflation print.

The S&P 500 closed at 6,939.03 (-0.43% DoD), while the DJIA ended at 48,892.47 (-0.36% DoD).

On average, yields fell by 0.66 bps, with the 2Y closing at 3.53% (-3.60 bps) and the 10Y closing at 4.24% (+0.40 bps).

The DXY closed at 96.99 (+0.74% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,939.03	-0.43%
DJIA	48,892.47	-0.36%
3-mo US Treasury yield	3.67%	-0.30 bps
2-yr US Treasury yield	3.53%	-3.60 bps
5-yr US Treasury yield	3.79%	-2.80 bps
10-yr US Treasury yield	4.24%	+0.40 bps
DXY	96.99	+0.74%

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