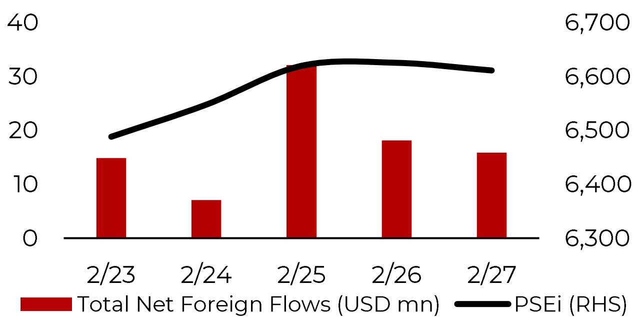
The Morning View

March 2, 2026

Philippine Stock Exchange Index

-0.21% DoD; Net foreign buying: $15.87mn



	Level	DoD
PSEi	6,611.24	-0.21%
3-mo bond yield	4.43%	+2.63 bps
2-yr bond yield	5.15%	+0.43 bps
5-yr bond yield	5.55%	-0.34 bps
10-yr bond yield	5.92%	+0.23 bps
USDPHP	57.67	+0.10%
Oil (Brent, $ / barrel)	72.48	+2.45%

The Bangko Sentral ng Pilipinas (BSP) is projecting inflation to settle within 2.3% to 3.1% for February, higher than January inflation print of 2.0% YoY and within the BSP's 2-4% target range. The BSP cited that upside pressures may come from higher electricity costs and increased prices of rice, fish, and fuel.

SM Investments Corporation (PSE Ticker: SM) reported a FY25 consolidated net income of Php90.5 billion (+10% YoY), driven by the seasonally stronger 4Q25. Banking contributed the largest share of NI (49%), followed by property (27%) and retail (18%). Management attributed its performance to resilient consumer spending and improvements in operational efficiency.

Local equities inched down amid investors' profit-taking after a seven-day market rally. The PSEi closed at 6,611.24 (-0.21% DoD).

Local fixed income yields increased ahead of the February local inflation data release later this week. Bloomberg consensus forecast for February inflation is at 2.4%, higher than the prior month. On average, yields rose by 0.36 bps, with the 2Y closing at 5.15% (+0.43 bps) and the 10Y closing at 5.92% (+0.23 bps).

The **Philippine peso** weakened as markets positioned ahead of the US producer price index (PPI) release which could provide insights on the US Federal Reserve's policy trajectory. The USD/PHP pair closed at 57.67 (+0.10% DoD).

US and Israel launched a massive attack on Iran, killing supreme leader Khamenei and prompting Iran to retaliate with widespread attacks across the Middle East. Iran warned that the Strait of Hormuz, a vital route for about one-fifth of global oil shipments, was closed to vessels following the escalation. Meanwhile, President Trump said the conflict with Iran could continue for up to four weeks.

US PPI came above the market's expectation at 0.5% MoM in January (Dec.: 0.4%, Consensus: 0.3%). The higher-than-expected print was attributable the 0.8% rise in services prices, driven by wider margins for professional and commercial equipment as well as wholesaling. Meanwhile, core PPI also unexpectedly rose 0.8% MoM in January (Dec. Rev.: 0.6% MoM, Consensus: 0.3%).

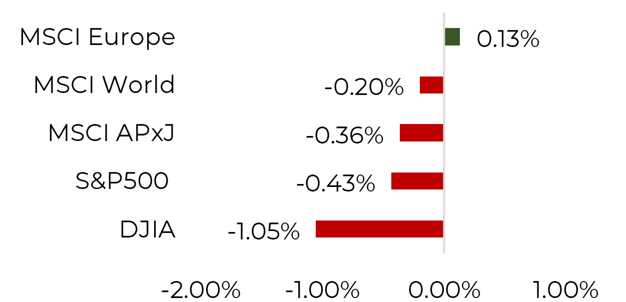
US equities fell, **US Treasury yields** tumbled, and the **US dollar** slightly weakened as the higher-than-expected US PPI inflation for January and rising fears that artificial intelligence could lead to large job losses drove stagflation concerns. The DXY was also dampened by the strengthening of the EUR, JPY, and the AUD.

The S&P 500 closed at 6,878.88 (-0.43% DoD), while the DJIA ended at 48,977.92 (-1.05% DoD).

On average, yields fell by 4.08 bps, with the 2Y closing at 3.38% (-5.30 bps) and the 10Y closing at 3.95% (-6.10 bps).

The DXY closed at 97.61 (-0.19% DoD).

Global Stock Indices



	Level	DoD
S&P 500	6,878.88	-0.43%
DJIA	48,977.92	-1.05%
3-mo US Treasury yield	3.67%	-1.10 bps
2-yr US Treasury yield	3.38%	-5.30 bps
5-yr US Treasury yield	3.50%	-6.80 bps
10-yr US Treasury yield	3.95%	-6.10 bps
DXY	97.61	-0.19%