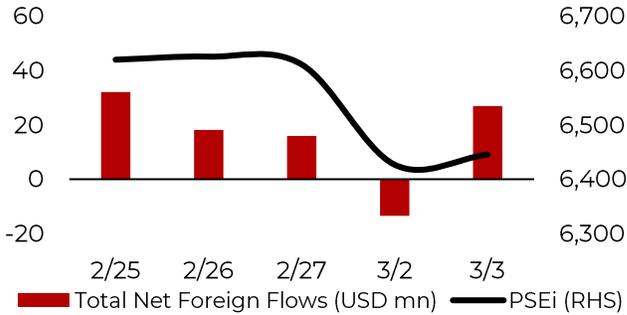


# The Morning View

March 4, 2026

## Philippine Stock Exchange Index

+0.29% DoD; Net foreign buying: \$26.92mn



	Level	DoD
PSEi	6,445.38	+0.29%
3-mo bond yield	4.45%	+1.46 bps
2-yr bond yield	5.24%	+3.38 bps
5-yr bond yield	5.68%	+6.54 bps
10-yr bond yield	6.06%	+7.99 bps
USDPHP	58.44	+0.40%
Oil (Brent, \$ / barrel)	81.40	+4.71%

**The National Government's budget deficit widened by 4.68% to Php1.58 trillion in 2025**, exceeding the Php1.56-trillion deficit ceiling set by the Development Budget Coordination Committee as the country's main tax agencies missed their collection targets. The budget deficit as a percentage of gross domestic product settled at 5.63% (FY24: 5.7%).

**Manila Electric Company (PSE Ticker: MER) projects a 3% YoY rise in energy sales volume for 2026, supported by a normalization of electricity demand.** For 1Q26, MER expects flattish growth in energy sales with recovery anticipated 2Q26 onwards, as the transition from La Niña to warmer conditions lifts demand.

**Local equities** slightly rose on investors' bargain-hunting after a two-day market decline. The PSEi closed at 6,445.38 (+0.29% DoD).

**Local fixed income yields** increased on renewed inflation worries as oil prices climbed further amid the heightening US-Iran conflict. On average, yields rose by 4.48 bps, with the 2Y closing at 5.24% (+3.38 bps) and the 10Y closing at 6.06% (+7.99 bps).

The **Philippine peso** weakened as the US dollar strengthened amid safe-haven demand driven by the escalating Middle East tensions. Additionally, the local currency was also dampened by higher.. The USD/PHP pair closed at 58.44 (+0.40% DoD).

**New York Fed President John Williams, a permanent voter, said that rate cuts are still possible if inflation moderates, however he did not address the ongoing war in Iran.** Meanwhile, Minneapolis Fed President Kashkari, a 2026 voter, stated that the war has raised uncertainty about future monetary policy and noted that inflationary impacts may be unpredictable.

**Eurozone headline inflation rose more-than-expected to 1.9% in February (Jan.: 1.7%; Consensus: 1.7%).** The faster print was due to rising unprocessed food and services costs offsetting lower energy prices. Meanwhile, core inflation rose to 2.4% in February (Jan.: 2.2%; Consensus: 2.2%). Analysts are expecting inflation to rise further due to higher oil and gas prices, supply chain disruptions, and softer euro due to the rising tensions in the Middle East.

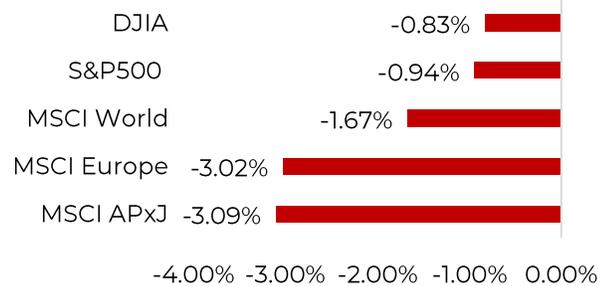
**US equities** declined, **US Treasury yields** jumped, and the **US dollar** strengthened as investors weighed escalating tensions between the US and Iran, which caused oil prices to spike for a second day.

The S&P 500 closed at 6,816.63 (-0.94% DoD), while the DJIA ended at 48,501.27 (-0.83% DoD).

On average, yields rose by 1.77 bps, with the 2Y closing at 3.51% (+3.30 bps) and the 10Y closing at 4.06% (+2.50 bps).

The DXY closed at 99.05 (+0.68% DoD).

## Global Stock Indices



	Level	DoD
S&P 500	6,816.63	-0.94%
DJIA	48,501.27	-0.83%
3-mo US Treasury yield	3.68%	+0.30 bps
2-yr US Treasury yield	3.51%	+3.30 bps
5-yr US Treasury yield	3.64%	+3.00 bps
10-yr US Treasury yield	4.06%	+2.50 bps
DXY	99.05	+0.68%

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