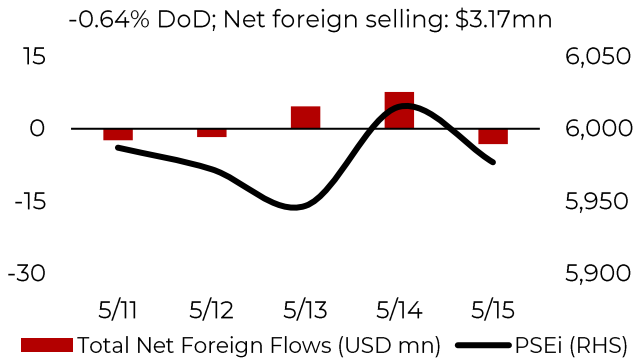


The Morning View

May 18, 2026

Philippine Stock Exchange Index



	Level	DoD
PSEi	5,976.77	-0.64%
3-mo bond yield	4.91%	-1.00 bps
2-yr bond yield	6.77%	+6.99 bps
5-yr bond yield	7.44%	+1.52 bps
10-yr bond yield	7.62%	+6.64 bps
USDPHP	61.72	+0.13%
Oil (Brent, \$ / barrel)	109.26	+3.35%

The National Government's infrastructure spending fell by 48% YoY to Php59.1 billion in March, amid lower disbursements by the Department of Public Works and Highways and stricter processes for billing claims. As a result, infrastructure spending in 1Q26 declined by 43.5% YoY to Php147.8 billion, further weighed down by base effects from the frontloading of projects in 1Q25.

Universal Robina Corp. (PSE Ticker: URC) has placed its business units into "emergency crisis mode" amid the escalating Middle East conflict. During its annual stockholders' meeting, management highlighted rising expenses across logistics, fuel, and oil-derivative inputs like resins and packaging. To defend margins, URC is implementing a combination of cost-mitigation programs and strategic product price hikes.

Local equities fell, **local fixed income yields** rose, and the **Philippine peso** weakened to a new record low as traders weighed renewed fears of accelerating inflation amid the lack of a clear resolution to the Middle East conflict, which led to higher global oil prices and a broadly stronger US dollar.

The PSEi closed at 5,976.77 (-0.64% DoD).

On average, yields rose by 2.98 bps, with the 2Y closing at 6.77% (+6.99 bps) and the 10Y closing at 7.62% (+6.64 bps).

The USD/PHP pair closed at 61.72 (+0.13% DoD).

The Trump-Xi summit in Beijing last week centered on trade, Iran, and Taiwan. US announced that China will buy at least \$17 billion annually in US farm products over the next three years, paired with reciprocal tariff cuts. On the Iran war, US President Trump stated that Chinese President Xi agreed Tehran must reopen the Strait of Hormuz, though Beijing gave no official comment. Meanwhile, Xi issued a warning regarding Taiwan, cautioning that missteps could lead to conflicts.

US factory production rose stronger-than-expected by 0.6% MoM in April (Revised March: +0.1%; Consensus: +0.2%). This marked the largest monthly gain since February 2025, led by the surge in motor vehicles and parts, and higher production at high-technology industries.

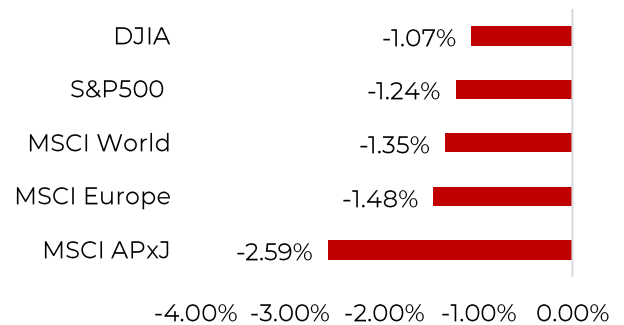
US equities fell, **US Treasury yields** jumped, and the **US dollar** strengthened as market expectations for monetary policy shifted toward possible rate hikes. This was driven by the higher-than-expected April consumer and producer price inflation reports as well as news of Kevin Warsh's confirmation as Fed Chair last week.

The S&P 500 closed at 7,408.50 (-1.24% DoD), while the DJIA ended at 49,526.17 (-1.07% DoD).

On average, yields rose by 6.48 bps, with the 2Y closing at 4.08% (+5.20 bps) and the 10Y closing at 4.59% (+11.00 bps).

The DXY closed at 99.28 (+0.47% DoD).

Global Stock Indices



	Level	DoD
S&P 500	7,408.50	-1.24%
DJIA	49,526.17	-1.07%
3-mo US Treasury yield	3.68%	-0.50 bps
2-yr US Treasury yield	4.08%	+5.20 bps
5-yr US Treasury yield	4.26%	+10.60 bps
10-yr US Treasury yield	4.59%	+11.00 bps
DXY	99.28	+0.47%

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