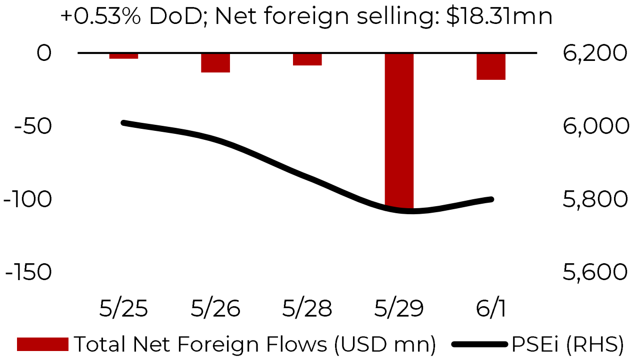
The Morning View

BPI WEALTH

June 2, 2026

Philippine Stock Exchange Index



	Level	DoD
PSEi	5,799.32	+0.53%
3-mo bond yield	4.98%	-1.04 bps
2-yr bond yield	6.81%	+0.21 bps
5-yr bond yield	7.33%	-0.62 bps
10-yr bond yield	7.49%	-3.06 bps
USDPHP	61.75	+0.25%
Oil (Brent, $ / barrel)	94.98	+3.18%

PH manufacturing activity rebounded in May, with the S&P Global PH Purchasing Managers' Index (PMI) rising to 50.8 (April: 48.3). A reading above 50 indicated growth in the sector. The increase is attributed to a rise in new orders and output, driven by domestic demand. However, supply-chain disruptions and cost pressures amid the Middle East conflict remained a concern.

The Supreme Court upheld the tax exemptions of Semirara Mining and Power Corporation (PSE Ticker: SCC) on its direct importations of petroleum products, particularly diesel. The high court affirmed that SCC's fiscal incentives granted under the Coal Development Act of 1976 remain valid and exempt from Bureau of Internal Revenue regulations on fuel shipments.

Local equities rebounded as investors bargain hunted after the MSCI rebalancing. The PSEi closed at 5,799.32 (+0.53% DoD).

Local fixed income yields were mixed as investors awaited details on the ceasefire deal between the US and Iran. This was also ahead of the local inflation print later this week. On average, yields rose by 0.88 bps, with the 2Y closing at 6.81% (+0.21 bps) and the 10Y closing at 7.49% (-3.06 bps).

The **Philippine peso** weakened amid renewed safe-haven demand for the US dollar driven by lingering uncertainty over the US-Iran negotiations. The USD/PHP pair closed at 61.75 (+0.25% DoD).

US ISM Purchasing Managers' Index (PMI) jumped to a four-year high of 54.0 in May (April: 52.7; Consensus: 53.0), indicating continued expansion. New orders improved, likely as businesses front-loaded orders amid rising prices and shortages due to the Iran war. However, factory employment remained subdued.

Following weekend military escalations, Iran announced on Monday it was halting indirect ceasefire talks with the US due to Israel's deepening assault on Lebanon. Later that evening, Lebanon announced a partial ceasefire between Israel and Hezbollah, with Trump downplaying Tehran's suspension saying that broader peace negotiations were still moving at a "rapid pace."

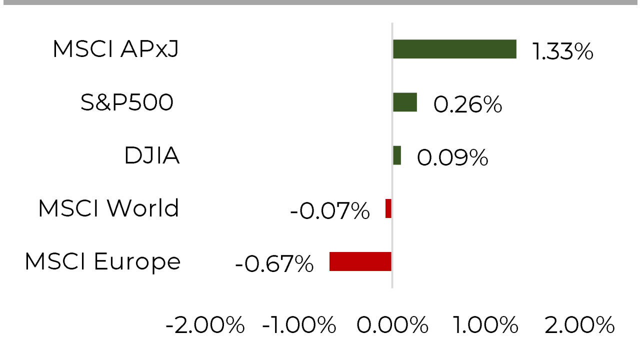
US equities rose to fresh highs, driven by tech gains after Nvidia unveiled a new chip designed to bring artificial intelligence capabilities to personal computing. The S&P 500 closed at 7,599.96 (+0.26% DoD), while the DJIA ended at 51,078.88 (+0.09% DoD).

US Treasury yields rose, and the **US dollar** strengthened as oil prices soared after reports that Iranian negotiators are stopping talks with the US following attacks by Israel on Lebanon, and that Iran would completely close the Strait of Hormuz.

On average, yields rose by 1.41 bps, with the 2Y closing at 4.04% (+2.90 bps) and the 10Y closing at 4.46% (+1.60 bps).

The DXY closed at 99.20 (+0.26% DoD).

Global Stock Indices



	Level	DoD
S&P 500	7,599.96	+0.26%
DJIA	51,078.88	+0.09%
3-mo US Treasury yield	3.71%	+2.60 bps
2-yr US Treasury yield	4.04%	+2.90 bps
5-yr US Treasury yield	4.17%	+2.50 bps
10-yr US Treasury yield	4.46%	+1.60 bps
DXY	99.20	+0.26%