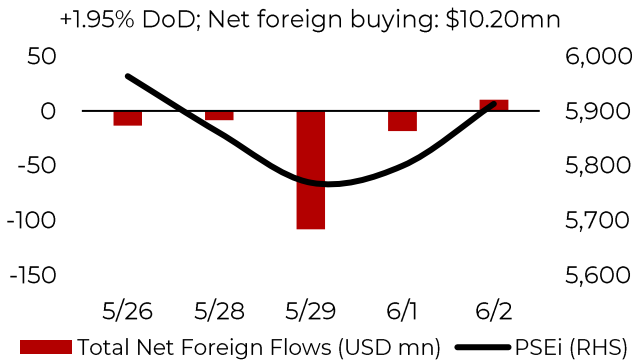


The Morning View

June 3, 2026

Philippine Stock Exchange Index



	Level	DoD
PSEi	5,912.69	+1.95%
3-mo bond yield	5.00%	+1.91 bps
2-yr bond yield	6.77%	-3.99 bps
5-yr bond yield	7.32%	-0.99 bps
10-yr bond yield	7.51%	+1.64 bps
USDPHP	61.68	-0.11%
Oil (Brent, \$ / barrel)	96.00	+1.07%

The PH banking sector's nonperforming loan (NPL) ratio rose to an eight-month high of 3.37% in April (March: 3.29%), as soured loans rose 12% YoY to Php579.9 billion. Notably, the past due loan ratio, which are loans with unpaid principal and/or interest at due date, rose to its highest level since May 2022, reaching 4.44% in April (March: 4.26%).

The Energy Regulatory Commission (ERC) has announced that its rate reset ruling for Manila Electric Co.'s (PSE Ticker: MER) proposed Php532-billion revenue program could face delays, pushing the decision to September at the latest. ERC noted that that this more realistic timeline is attributable to MER's extensive coverage and evaluation needs.

Local equities rebounded amid continued bargain hunting by investors after the recent weakness pushed valuations to attractive and cheaper levels. The PSEi closed at 5,912.69 (+1.95% DoD).

Local fixed income yields were mixed and the **Philippine peso** slightly strengthened ahead of the May PH inflation and key US labor market data releases this week. Bloomberg consensus expects PH inflation to quicken to 7.9% in May from 7.2% in April.

On average, yields fell by 0.70 bps, with the 2Y closing at 6.77% (-3.99 bps) and the 10Y closing at 7.51% (+1.64 bps).

The USD/PHP pair closed at 61.68 (-0.11% DoD).

US job openings surged by 731,000 to a near two-year high of 7.618 million in April (Consensus: 6.87 million). The spike was driven by professional and business services. However, hiring fell by 419,000 to 5.116 million and layoffs dropped by 192,000 to 1.692 million, signaling a continued "low hire, low fire" environment.

Cleveland Fed President Beth Hammack, a 2026 voter, said the Federal Reserve may need to raise rates if inflation pressures continue to build. She added that while holding rates steady is reasonable amid uncertainty, delaying action risks entrenched inflation, which could require sharper adjustments later, and policy may not be restrictive enough to return inflation to the Fed's 2%.

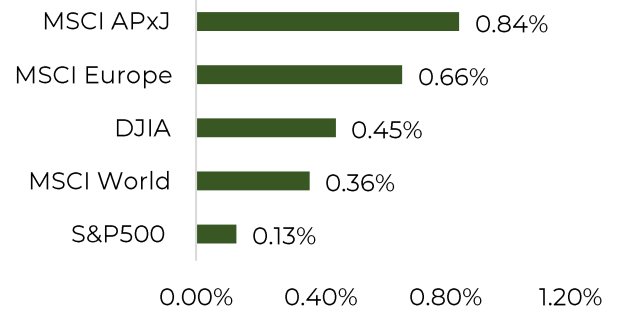
US equities rose to fresh highs, led by tech stocks, amid continued optimism on artificial intelligence. The S&P 500 closed at 7,609.78 (+0.13% DoD), while the DJIA ended at 51,307.79 (+0.45% DoD).

US Treasury yields closed mixed, and the **US dollar** ended flattish as markets tracked mixed developments in US-Iran talks. Iranian media reported that Tehran halted negotiations after Israeli attacks in Lebanon, while President Trump said talks are continuing "at a rapid pace."

On average, yields fell by 0.37 bps, with the 2Y closing at 4.05% (+1.00 bp) and the 10Y closing at 4.45% (-1.00 bp).

The DXY closed at 99.22 (+0.02% DoD).

Global Stock Indices



	Level	DoD
S&P 500	7,609.78	+0.13%
DJIA	51,307.79	+0.45%
3-mo US Treasury yield	3.71%	0.00 bps
2-yr US Treasury yield	4.05%	+1.00 bps
5-yr US Treasury yield	4.17%	+0.30 bps
10-yr US Treasury yield	4.45%	-1.00 bps
DXY	99.22	+0.02%