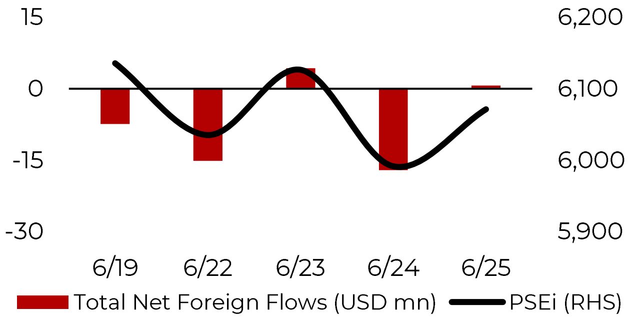
The Morning View

June 26, 2026

Philippine Stock Exchange Index

+1.33% DoD; Net foreign buying: $0.67mn



	Level	DoD
PSEi	6,071.06	+1.33%
3-mo bond yield	5.18%	+1.70 bps
2-yr bond yield	6.31%	-3.79 bps
5-yr bond yield	6.72%	-6.82 bps
10-yr bond yield	6.93%	-7.31 bps
USDPHP	61.29	-0.43%
Oil (Brent, $ / barrel)	75.26	+2.06%

The National Government's budget deficit widened 36.7% YoY to Php198.5 billion in May, reversing April's Php31.4 billion surplus. This was mainly due to a 7.24% YoY drop in revenues to Php401.7 billion, attributed to the early remittance of dividends by government-owned and -controlled corporations in the preceding months. Meanwhile, expenditures rose 3.8% YoY to Php600.2 billion amid higher interest payments. Overall, the 5M26 deficit still inched down by 0.26% YoY to Php522.5 billion.

SP New Energy Corp. (PSE Ticker: SPNEC) approved a budget for the planned infusion of renewable energy assets from MGEN Renewable Energy, the generation arm of Manila Electric Co. (PSE Ticker: MER). This is in preparation for its merger with MGEN, targeted for completion in late 2026, which will consolidate the Meralco Group's renewable assets into a larger platform.

Local equities rebounded as investors bargain hunted for blue-chip stocks after the previous day's sharp decline. The PSEi closed at 6,071.06 (+1.33% DoD).

Local fixed income yields fell and the **Philippine peso** slightly strengthened as progress on the US-Iran peace talks and reports of increased traffic flow in the Strait of Hormuz helped eased inflation concerns. On average, yields fell by 4.38 bps, with the 2Y closing at 6.31% (-3.79 bps) and the 10Y closing at 6.93% (-7.31 bps).

The USD/PHP pair closed at 61.29 (-0.43% DoD).

US Personal Consumption Expenditures (PCE) inflation rose to 4.1% YoY in May (April: 3.8%), while core PCE inflation edged up to 3.4% YoY (April: 3.3%). Both figures were in line with market expectations but remained above the Fed's 2% target. The increase was driven mainly by higher gasoline and transportation costs, stemming from the energy shock linked to the Iran conflict.

US 1Q26 Gross Domestic Product (GDP) was revised higher to an annualized rate of 2.1% from 1.6%, beating expectations for an unchanged print. The upward revision reflects a sharper decline in imports, particularly in consumer and capital goods. However, this was partly offset by softer consumer spending, especially in services such as financial services, insurance, and travel.

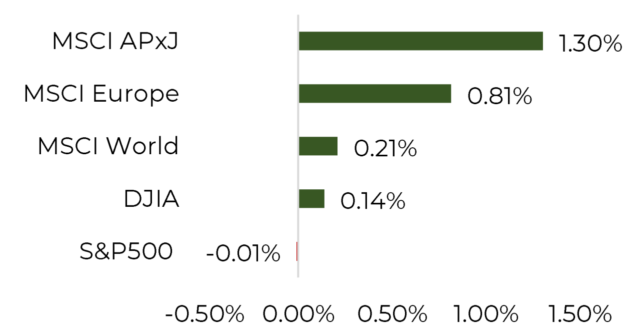
US equities ended mixed, **US Treasury yields** closed mixed but fell on average, and the **US dollar** weakened as investors digested the upward revision to the 1Q26 US GDP growth and in-line US PCE inflation in May. Moreover, equity performance was also driven by optimism surrounding Micron's beat earnings, which was partially tempered by concerns on debt-backed AI spending.

The S&P 500 closed at 7,357.49 (-0.01% DoD), while the DJIA ended at 51,920.62 (+0.14% DoD).

On average, yields fell by 0.14 bps, with the 2Y closing at 4.13% (-2.50 bps) and the 10Y closing at 4.40% (+0.20 bps).

The DXY closed at 101.43 (-0.18% DoD).

Global Stock Indices



	Level	DoD
S&P 500	7,357.49	-0.01%
DJIA	51,920.62	+0.14%
3-mo US Treasury yield	3.77%	-1.20 bps
2-yr US Treasury yield	4.13%	-2.50 bps
5-yr US Treasury yield	4.17%	-1.10 bps
10-yr US Treasury yield	4.40%	+0.20 bps
DXY	101.43	-0.18%