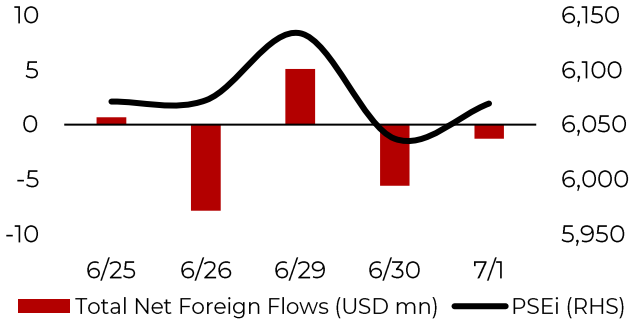


# The Morning View

July 2, 2026

## Philippine Stock Exchange Index

+0.53% DoD; Net foreign selling: \$1.29mn



	Level	DoD
PSEi	6,069.26	+0.53%
3-mo bond yield	5.15%	-2.28 bps
2-yr bond yield	6.35%	+4.12 bps
5-yr bond yield	6.84%	+8.65 bps
10-yr bond yield	7.10%	+18.66 bps
USDPHP	61.62	+0.43%
Oil (Brent, \$ / barrel)	71.57	-1.85%

**PH manufacturing activity showed modest improvement in June with the S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI) inching up to 50.9 (May: 50.8).** The increase was driven by stronger output and new orders amid signs of recovery in supply-chain disruptions. Among ASEAN peers, the Philippines had the third best PMI reading in June, following Vietnam's 51.8 (from 52.8) and Thailand's 53.6 (from 52.6).

**LT Group Inc. (PSE Ticker: LTC) and affiliates are shifting to renewable power through a 21-megawatt (MW) deal with First Gen Corp. (PSE Ticker: FGEN).** The deal covers Philippine Airlines, Lufthansa Technik Philippines, MacroAsia units, Grandspan Development, and Absolut Distillers, while six Eton Properties projects will separately receive 8 MW of clean power.

**Local equities** rose amid bargain hunting and as investors continued to weigh US-Iran negotiations which pushed oil prices lower. Meanwhile, **local fixed income yields** climbed and the **Philippine peso** weakened following the higher-than-expected May US job openings data, which fueled bets of a hawkish Fed.

The PSEi closed at 6,069.26 (+0.53% DoD).

On average, yields rose by 4.62 bps, with the 2Y closing at 6.35% (+4.12 bps) and the 10Y closing at 7.1% (+18.66 bps).

The USD/PHP pair closed at 61.62 (+0.43% DoD).

**Federal Reserve Chair Kevin Warsh said inflation risks and expectations have eased in recent weeks, but the Fed remains committed to bringing inflation back to its 2% target.** He emphasized that the Fed would remain independent and that price stability is its primary objective. Warsh declined to provide guidance on future rate decisions, saying policymakers will debate the appropriate course at their July 28-29 meeting.

**The US declined extending the US-Mexico-Canada Agreement (USMCA) for another 16 years, resulting instead in annual reviews until the trade deal's expiry in 2036.** The US seeks changes to support reshoring, reduce trade deficits, and tighten auto rules.

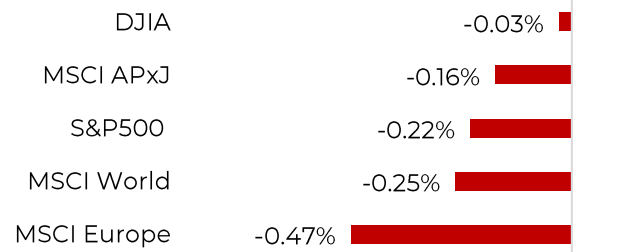
**US equities** fell amid lingering concerns on lofty valuations and big AI spending by tech companies. The S&P 500 closed at 7,483.23 (-0.22% DoD), while the DJIA ended at 52,305.24 (-0.03% DoD).

**US Treasury yields** ended mixed, and the **US dollar** strengthened as investors assessed comments from Fed Chair Warsh that prices remain elevated, but inflation expectations have recently moderated. This was also after the below-consensus June ADP private payroll gains of 98,000 (May: 122,000; Consensus: 120,000).

On average, yields fell by 0.09 bps, with the 2Y closing at 4.18% (+0.30 bps) and the 10Y closing at 4.48% (+1.40 bps).

The DXY closed at 101.39 (+0.20% DoD).

## Global Stock Indices



-0.80% -0.60% -0.40% -0.20% 0.00%

	Level	DoD
S&P 500	7,483.23	-0.22%
DJIA	52,305.24	-0.03%
3-mo US Treasury yield	3.77%	-4.90 bps
2-yr US Treasury yield	4.18%	+0.30 bps
5-yr US Treasury yield	4.24%	+1.10 bps
10-yr US Treasury yield	4.48%	+1.40 bps
DXY	101.39	+0.20%

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