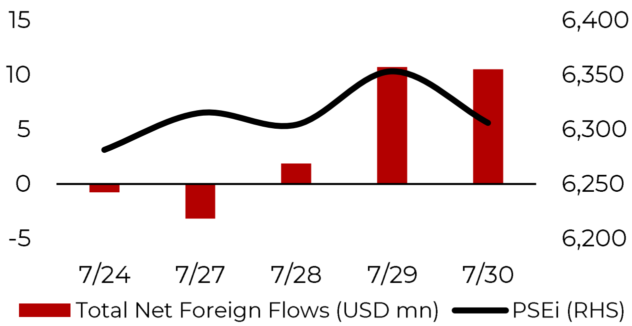
The Morning View

July 31, 2026

Philippine Stock Exchange Index

-0.74% DoD; Net foreign buying: $10.49mn



	Level	DoD
PSEi	6,305.75	-0.74%
3-mo bond yield	5.01%	+0.30 bps
2-yr bond yield	6.69%	+3.34 bps
5-yr bond yield	7.33%	+4.74 bps
10-yr bond yield	7.51%	+7.08 bps
USDPHP	61.56	+0.24%
Oil (Brent, $ / barrel)	89.03	-1.88%

The National Government's outstanding debt hit a record-high Php19.07 trillion as of end-June (+10.41% YoY, +2.8% MoM). This was attributable to domestic debt rising to Php12.84 trillion (+7.43% YoY, +2.74 MoM) and external borrowings increasing to Php6.23 trillion (+17.13 YoY, 2.92% MoM). As of 1Q26, the debt-to-gross domestic product ratio stood at 65.2%.

International Container Terminal Services, Inc. (PSE Ticker: ICT) secured a 25-year extension of the Manila International Container Terminal (MICT) concession, extending its operating rights through May 2063 from the previous 2038 expiry. MICT is the PH's largest and busiest container terminal, handling approximately 70% of container traffic at the Port of Manila.

Local equities fell as investors weighed recent regulatory news over proposals to eliminate system loss charges, prompting investors to rotate from impacted power names. The PSEi closed at 6,305.75 (-0.74% DoD).

Local fixed income yields rose and the **Philippine peso** slightly weakened as markets reacted to hawkish signals from the US Federal Reserve despite holding interest rates steady.

On average, yields rose by 2.12 bps, with the 2Y closing at 6.69% (+3.34 bps) and the 10Y closing at 7.51% (+7.08 bps).

The USD/PHP pair closed at 61.56 (+0.24% DoD).

The US gross domestic product (GDP) grew by a 1.5% annualized QoQ rate in 2Q26 (1Q26: 2.1%; Consensus: 2.0%). The slower growth came as the artificial intelligence (AI) buildout's import reliance widened the trade deficit. Nonetheless, the robust consumer spending and business investment related to AI infrastructure underscored strong domestic demand.

US Personal Consumption Expenditure (PCE) headline Inflation moderated to 3.7% YoY in June (May: 4.1%), while core PCE inflation eased to 3.3% YoY (May: 3.4%), both in line with consensus estimates. However, these remained above the Fed's 2% target. The deceleration on the headline was primarily driven by a retreat in energy prices in June amid a fragile US-Iran ceasefire.

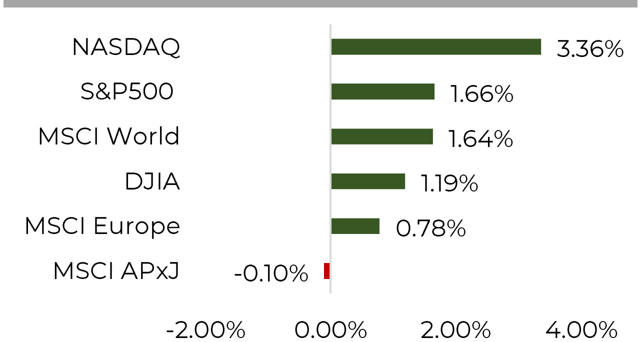
US equities rebounded, **US Treasury yields** fell, and the **US dollar weakened** following the weaker-than-expected US 2Q26 GDP growth and the softer US June Core PCE inflation, which tempered bets of monetary policy tightening from the Federal Reserve.

The S&P 500 closed at 7,437.63 (+1.66% DoD), while the DJIA ended at 52,208.06 (+1.19% DoD).

On average, yields fell by 0.47 bps, with the 2Y closing at 4.25% (-2.70 bps) and the 10Y closing at 4.68% (-0.60 bps).

The DXY closed at 99.86 (-1.01% DoD).

Global Stock Indices



	Level	DoD
S&P 500	7,437.63	+1.66%
DJIA	52,208.06	+1.19%
NASDAQ	28,106.35	+3.36%
3-mo US Treasury yield	3.77%	+0.20 bps
2-yr US Treasury yield	4.25%	-2.70 bps
5-yr US Treasury yield	4.39%	-2.10 bps
10-yr US Treasury yield	4.68%	-0.60 bps
DXY	99.86	-1.01%