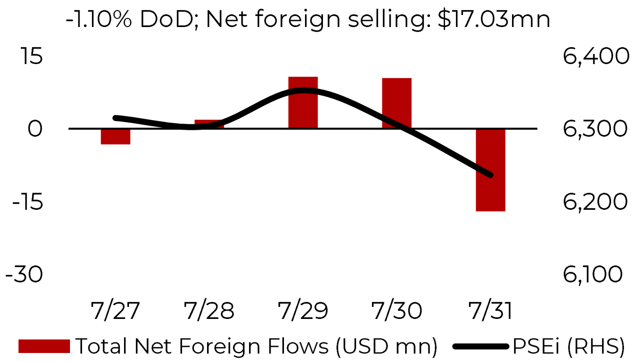
The Morning View

BPI WEALTH

August 3, 2026

Philippine Stock Exchange Index



	Level	DoD
PSEi	6,236.44	-1.10%
3-mo bond yield	5.03%	+1.77 bps
2-yr bond yield	6.70%	+1.34 bps
5-yr bond yield	7.33%	-0.14 bps
10-yr bond yield	7.43%	-7.67 bps
USDPHP	61.24	-0.52%
Oil (Brent, $ / barrel)	90.12	+1.22%

According to a BusinessWorld poll, Philippine Gross Domestic Product (GDP) likely grew by 2.8% in 2Q26 (1Q26: 2.8%). The soft growth forecast reflect expectations of subdued household consumption amid elevated inflation, alongside weak business confidence and sluggish public infrastructure spending.

The Energy Regulatory Commission ordered Manila Electric Company (PSE Ticker: MER) to refund Php9.5 billion of over-recovered charges to its customers over the next six months. Residential consumers will receive about Php0.5861/kilowatt hour (kWh), translating to roughly Php117 monthly savings for a typical household consuming 200 kWh.

Local equities fell as investors weighed the August PSEi rebalancing which removed Converge ICT from the index and added Maynilad. The PSEi closed at 6,236.44 (-1.10% DoD).

Local fixed income yields were mixed and the **Philippine peso** strengthened following mixed US economic data including the softer-than-expected 2Q26 Gross Domestic Product (GDP) growth (June: 1.5%; Cons.: 2.0%) and in-line June Personal Consumption Expenditure (PCE) inflation (June: 3.3%; Cons.: 3.3%).

On average, yields fell by 0.48 bps, with the 2Y closing at 6.7% (+1.34 bps) and the 10Y closing at 7.43% (-7.67 bps).

The USD/PHP pair closed at 61.24 (-0.52% DoD).

Three dissenting Fed officials, Beth Hammack, Neel Kashkari, and Lorie Logan, argued that persistent inflation warrants immediate action. Hammack said policy is not restrictive enough, Kashkari favored gradual hikes now to avoid larger moves later, while Logan warned the Fed should not rely on an economic slowdown or external shock to bring inflation back to target.

University of Michigan's US consumer sentiment index increased more than anticipated in July to 55.2 (June: 49.5, Consensus: 54.0), driven by broad-based improvements across demographics. Meanwhile, inflation expectations for the year ahead eased to 4.2% (June: 4.6%), while expectations for the next five years was unchanged at 3.3%.

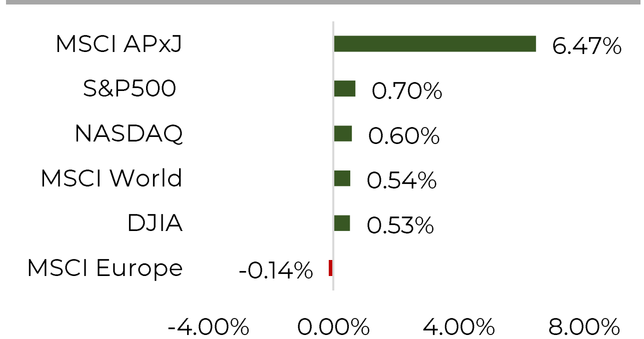
US equities rose as investors weighed Amazon's 2Q26 earnings results which helped soothe investors' worries on AI-related stocks. The S&P 500 closed at 7,489.72 (+0.70% DoD), while the DJIA ended at 52,485.03 (+0.53% DoD).

US Treasury yields rose, and the **US dollar** was flat as investors weighed hawkish comments from Fed officials Hammack, Kashkari, and Logan. However, the gains in the greenback were capped by the stronger Japanese yen on the back of interventions.

On average, yields rose by 4.30 bps, with the 2Y closing at 4.29% (+4.50 bps) and the 10Y closing at 4.74% (+6.20 bps).

The DXY closed at 99.91 (+0.05% DoD).

Global Stock Indices



	Level	DoD
S&P 500	7,489.72	+0.70%
DJIA	52,485.03	+0.53%
NASDAQ	28,274.20	+0.60%
3-mo US Treasury yield	3.77%	-0.10 bps
2-yr US Treasury yield	4.29%	+4.50 bps
5-yr US Treasury yield	4.45%	+6.20 bps
10-yr US Treasury yield	4.74%	+6.20 bps
DXY	99.91	+0.05%