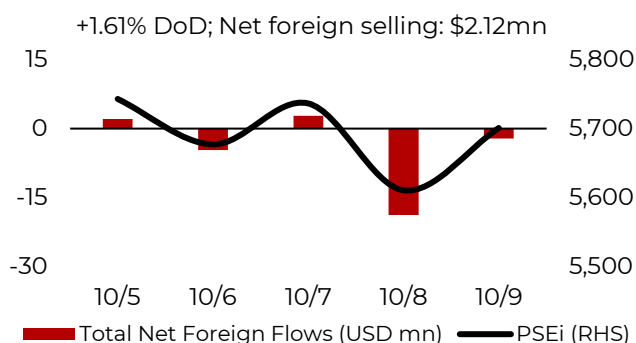


The Morning View

October 12, 2026

Philippine Stock Exchange Index



	Level	DoD
PSEi	5,700.99	+1.61%
3-mo bond yield	5.76%	+6.92 bps
2-yr bond yield	6.97%	+6.77 bps
5-yr bond yield	7.62%	-0.88 bps
10-yr bond yield	7.87%	-23.78 bps
USDPHP	62.80	-0.16%
Oil (Brent, \$ / barrel)	104.72	+0.42%

The University of Michigan Consumer Sentiment Index declined to 46.3 in October (September: 48.1; Consensus: 47.6) as elevated living costs and borrowing rates strained households. Consumers' one-year inflation expectation increased to 4.7% from 4.6%, while the five-year inflation expectation rose to 3.5% from 3.4%.

Iran said the response of the US to its seven conditions for reopening the Strait of Hormuz was insufficient, despite accepting some demands. Tehran said normal maritime passage could resume within seven days if all conditions are met, but Washington must first clarify the remaining unresolved issues.

US equities rose as sentiment improved after President Trump said that Russian President Vladimir Putin agreed to supply diesel to the US and global markets. Investors also shifted focus to the 3Q26 earnings season this week. The S&P 500 closed at 7,811.54 (+0.59% DoD), while the DJIA ended at 51,654.95 (+0.83% DoD).

US Treasury yields climbed as investors digested the weaker-than-expected US October consumer sentiment as well as the rising inflation expectations of consumers. On average, yields rose by 1.48 bps, with the 2Y closing at 4.79% (+3.30 bps) and the 10Y closing at 5.24% (+1.30 bps).

The **US dollar** closed flat as investors monitored geopolitical developments and awaited the US September consumer price index (CPI) inflation. The DXY closed at 102.21 (+0.07% DoD).

Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona said El Niño is the central bank's primary inflation concern. The BSP is weighing both "benign" and severe El Niño scenarios and "now worries about inflation expectations more than before." Remolona stressed that the central bank will do the "unpopular" but "right thing for the economy" when setting monetary policy.

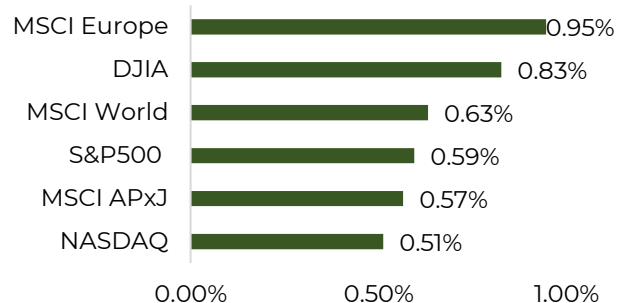
The Energy Regulatory Commission (ERC) approved its Final Determination for Manila Electric Co.'s (PSE Ticker: MER) regulatory reset covering July 2026 to June 2030. The approved average distribution rate was set at Php1.48 per kWh, representing a 9.6% YoY increase and marking MER's first rate reset since 2011.

Local equities rebounded on bargain hunting, although elevated global oil prices continued to weigh on market sentiment. The PSEi closed at 5,700.99 (+1.61% DoD).

Local fixed income yields closed mixed as investors weighed BSP Governor Remolona's hawkish remarks and the Bureau of the Treasury's latest Php167.25-billion retail Treasury bond offering. On average, yields rose by 1.23 bps, with the 2Y closing at 6.97% (+6.77 bps) and the 10Y closing at 7.87% (-23.78 bps).

The **Philippine peso** slightly strengthened after US President Trump said the US would not attack Iran before the midterm elections and noted that talks with Iran had been productive. The USD/PHP pair closed at 62.80 (-0.16% DoD).

Global Stock Indices



	Level	DoD
S&P 500	7,811.54	+0.59%
DJIA	51,654.95	+0.83%
NASDAQ	30,883.15	+0.51%
3-mo US Treasury yield	4.16%	+0.70 bps
2-yr US Treasury yield	4.79%	+3.30 bps
5-yr US Treasury yield	5.02%	+2.70 bps
10-yr US Treasury yield	5.24%	+1.30 bps
DXY	102.21	+0.07%

This material, which is strictly for information purposes only, is for your sole use, does not constitute a recommendation or an offer to sell or a solicitation to buy any financial product. Any information is subject to change without notice and BPI Wealth is not under any obligation to update or keep current the information contained herein. You are advised to make your own independent judgment with respect to the matter contained in this document. No liability whatsoever is accepted for any loss that may arise (whether direct or consequential) from any use of the information contained herein.

All funds managed by BPI Wealth are Trust and/or Investment Management Funds, which do not carry any guarantee of income or principal, and are NOT covered by the Philippine Deposit Insurance Corporation. Past performance is not a guarantee of future results. BPI Wealth Investment Funds are valued daily using the marked-to-market method.