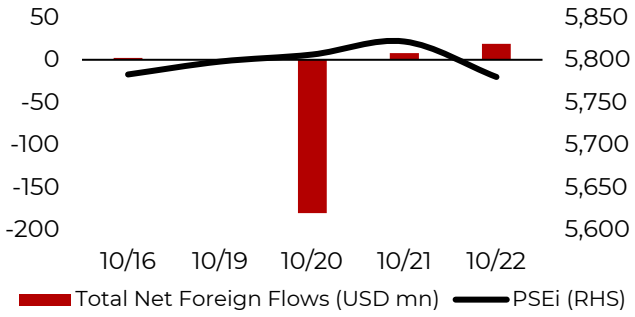
The Morning View

October 23, 2026

Philippine Stock Exchange Index

-0.72% DoD; Net foreign buying: $18.85mn



	Level	DoD
PSEi	5,779.73	-0.72%
3-mo bond yield	5.74%	-4.39 bps
2-yr bond yield	7.15%	+0.98 bps
5-yr bond yield	7.84%	+8.77 bps
10-yr bond yield	8.04%	+3.76 bps
USDPHP	63.52	+0.25%
Oil (Brent, $ / barrel)	113.17	+4.00%

The Bangko Sentral ng Pilipinas (BSP) raised its policy rate by 50 bps to 5.50% in its October 22 meeting. The larger-than-expected hike underscored the BSP's view that a strong monetary policy response was needed to address broadening inflation risks and firmly anchor inflation expectations. The BSP revised its 2027 inflation forecast upwards to 6.0% (previous: 5.4%), while retaining its 2026 and 2028 projections at 6.1% and 3.3%, respectively.

The Asian Development Bank (ADB) is evaluating a $500-million (Php31.7 billion) loan to SM Prime Holdings, Inc.'s (PSE Ticker: SMPH) infrastructure unit for a 360-hectare Pasay reclamation project. The ADB facility will fund roads, flood controls, and utility systems under a required environmental and social action plan.

Local equities fell and **local fixed income yields** rose following the BSP's surprise jumbo rate hike. Markets also weighed signals of further tightening ahead amid upside risks to inflation. Meanwhile, the **Philippine peso** weakened after oil prices surged as attacks on Saudi Arabia threatened Middle East supplies.

The PSEi closed at 5,779.73 (-0.72% DoD).

On average, yields rose by 2.25 bps, with the 2Y closing at 7.15% (+0.98 bps) and the 10Y closing at 8.04% (+3.76 bps).

The USD/PHP pair closed at 63.52 (+0.25% DoD).

US initial jobless claims fell by 6,000 to a seasonally adjusted 194,000 for the week ended October 17 (Consensus: 200,000), holding near 57-year lows. Meanwhile, continuing claims rose by 25,000 to 1.728 million for the week ended October 10, highlighting a "low-hire, low-fire" environment.

US President Donald Trump said that the US was not negotiating with Iran, and suggested that something could happen "fairly soon." This came amid reports that the US and Israeli militaries have prepared plans for renewed strikes on Iran after the November US midterm elections.

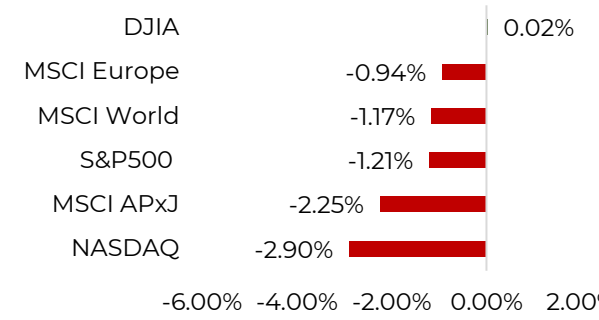
US equities were mixed amid concerns on the sustainability of AI spending, after Meta posted its first cash outflow in a decade and unveiled plans to raise capital for AI investments. Sentiment was also weighed by rising oil prices. Meanwhile, **US Treasury yields** declined as investors turned to safe-haven assets following a sell-off in the stock market.

The S&P 500 closed at 7,663.43 (-1.21% DoD), while the DJIA ended at 52,867.98 (+0.02% DoD).

On average, yields fell by 11.91 bps, with the 2Y closing at 4.64% (-16.60 bps) and the 10Y closing at 4.96% (-16.60 bps).

The **US dollar** weakened ahead of key central bank meetings next week, including the US Federal Reserve, European Central Bank, and Bank of Japan. The DXY closed at 101.61 (-0.17% DoD).

Global Stock Indices



	Level	DoD
S&P 500	7,663.43	-1.21%
DJIA	52,867.98	+0.02%
NASDAQ	28,958.69	-2.90%
3-mo US Treasury yield	4.15%	-2.20 bps
2-yr US Treasury yield	4.64%	-16.60 bps
5-yr US Treasury yield	4.77%	-18.10 bps
10-yr US Treasury yield	4.96%	-16.60 bps
DXY	101.61	-0.17%

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