MARKET BLUEPRINT

eastwest

WEEKLY NEWSLETTER

Issue 9 : Oct 29, 2025

WHAT'S HOT?

By EastWest Trust & Asset Management Group

BONDS

Yields declined slightly by 1 basis point week-on-week, tracking movements in U.S. yields. Buying interest was observed in short-term tenors of three years and below, while selling pressure emerged in longer-dated bonds.

The yield curve steepened as the 10-year yield rose and the 2-year yield declined week-on-week, reflecting expectations that potential rate cuts in the U.S. could pressure the BSP to follow suit. Such monetary easing would directly lower short-term interest rates, potentially stimulating growth and inflation, which could in turn push long-term rates higher.

Yields may continue to fall as softer-than-expected U.S. consumer inflation data reinforced expectations of further monetary easing by the Federal Reserve this week.

STOCKS

The bellwether index dropped 101.51 points on Friday, closing at 5,988.02 for the week. Investor confidence was dampened by the weaker peso and concerns over the country's fiscal health. Despite the index decline, the total value traded increased by 53% week-on-week. We expect a quiet market for equities due to the long weekend.

Meanwhile, uncertainty in the U.S. stock market declined last week, as the VIX Index dropped 4.41 points to 16.37. This drop in volatility was fueled by two factors: a preliminary trade-deal framework between the U.S. and China, which lessened a major "tail-risk" to global supply chains, and softer-than-expected U.S. inflation data, which raised hopes for a more dovish (less aggressive) stance from the Federal Reserve.

FOREIGN EXCHANGE

The peso depreciated slightly against the dollar, 0.465 centavos to close at 58.625 pesos per dollar. This value is nearing the record high of P59 set on December 19, 2024. The peso's weakness was driven by a strengthening dollar, persistent market uncertainty caused by ongoing domestic corruption issues, and a widening government budget deficit. This depreciation occurred despite existing client demand for the peso, which otherwise provided some support.

Meanwhile, the U.S. Dollar Index appreciated by 0.519 point to 98.952. U.S. markets reacted positively, as the dollar's gain coincided with U.S. stocks ending higher due to a flurry of positive corporate earnings surprises and revenues that impressed relative to analyst expectations.

Zlaťáky.cz. (2023, March 26). A gold coin laying on top of a white surface [Photograph]. Unsplash. Unknown author. (n.d.). Futuristic earth map technology abstract background represent global connection concept [Photograph]. Unsplash. https://unsplash.com/photos/futuristic-earth-map-technology-abstract-background-represent-global-connection-concept-m2pxgGc1Yas

The world should follow Trump's lead on stablecoins

With the right rules, innovation could flourish

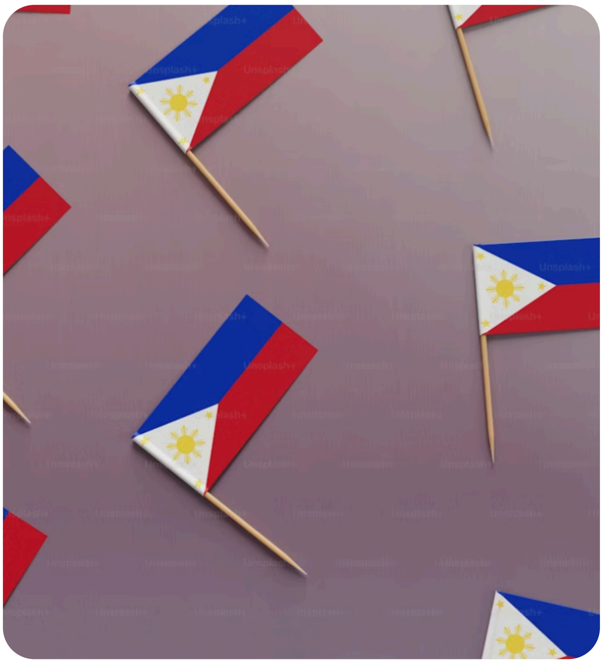
Insights from The Economist

The GENIUS Act, signed by President Donald Trump on July 18, aims to regulate stablecoins—cryptocurrencies backed by traditional assets—by requiring issuers to register and maintain transparent reserves. While the U.S. sees this as a breakthrough for payment innovation, Europe remains wary, fearing that stablecoins could destabilize banks and undermine central banks' authority. Supporters argue that, if properly regulated, stablecoins could make global payments faster and cheaper, boosting financial efficiency. The law's safeguards—such as full asset backing and mandatory disclosures—help mitigate risks like bank disintermediation and potential runs. Ultimately, the act signals America's embrace of innovation in digital finance, urging other nations to follow suit rather than resist change.

	24-Oct	1Wk% or bps Chg	1Mo% Chg or bps Chg	1Yr% Chg or bps Chg
Bonds				
3M BVAL yield	5.26	-0.69	-0.03	-0.20
10Y BVAL yield	5.98	0.03	-0.02	0.13
10Y & 3M BVAL difference	0.72	0.72	0.01	0.33
3M US yield	3.93	-0.07	-0.09	-0.77
10Y US yield	4.02	0.00	-0.14	-0.19
10Y & 3M US difference	0.09	0.07	-0.05	0.58
Stocks				
PSEI	5,988.02	-1.67	-1.98	-17.79
PSEI Total Return Index	2,631.71	-0.65	-0.89	-14.09
S&P 500	6,791.69	1.92	2.32	16.90
VIX	16.37	-21.22	1.17	-14.20
Dow Jones	47,207.12	2.20	2.35	11.40
NASDAQ	23,204.87	2.31	3.14	26.01
Hang Seng Index	26,160.15	3.62	-1.35	27.68
MSCI AC Asia Pacific Index	226.11	1.87	2.21	21.00
MSCI Asia ex-Japan	908.20	2.24	2.90	23.00
MSCI EM	1,389.39	2.04	2.77	22.47
MSCI EAFE	2,810.88	1.24	2.24	19.09
MSCI World – DM	4,371.27	1.74	2.20	17.91
MSCI All-Country World	1,001.37	1.78	2.26	18.40
Currencies				
USD/PHP	58.63	0.77	2.02	1.33
USD/JPY	152.86	1.49	2.66	0.68
USD/THB	32.77	0.34	2.41	-2.66
USD/IDR	16,595.00	0.06	-0.49	6.49
USD/EUR	0.86	0.23	0.95	-6.89
USD/GBP	0.75	0.87	1.02	-2.52
USD/CHF	0.80	0.30	0.06	-8.09
USD/AUD	1.54	-0.22	1.07	1.95
MSCI EM Currency Index	1,840.15	-0.03	-0.23	4.33
US Dollar Index	98.95	0.53	1.10	-4.91
Commodities				
Crude Oil (WTI Cushing)	62.31	8.29	-4.86	-11.54
Crude Oil (Brent)	65.94	7.59	-4.86	-11.35
Gold	4,113.05	-3.26	10.09	50.32
Thai Rice	351.00	-0.85	-5.39	-33.65
Vietnam Rice	391.75	-0.51	-2.67	-30.63
Bloomberg Commodity Index	107.38	1.67	3.23	7.56

LOCAL NEWS

Economic Forces at Play: PH Deficit Widens; BOP Surplus Plunges; and Rice Tariff Review Looms Over Inflation



Planet Volumes. (2023, February 6). a group of flags that are on a stick [Photograph]. Unsplash. White, L. (2018, May 20). Person standing in front of store [Photograph]. Unsplash. https://unsplash.com/photos/person-standing-in-front-of-store-8wMflrTLm2g

The Philippines recorded an $82 million Balance of Payments (BOP) surplus in September 2025, a significant drop from the $3.5 billion surplus in the same month last year, with the monthly gain driven by the Bangko Sentral ng Pilipinas' net income and the government's foreign currency deposits. This surplus helped slightly narrow the year-to-date BOP deficit from $5.4 billion in August to $5.3 billion as of September 2025, with the persistent overall deficit largely due to the continued trade in goods deficit. Mirroring the improved BOP, the country's Gross International Reserves (GIR) increased to $109.1 billion, providing an adequate external liquidity buffer equivalent to 7.3 months' worth of imports.

The Philippine government's budget deficit widened to P248.1 billion in September, its largest monthly shortfall in six months, primarily due to a drop in revenues and a contraction in expenditures. Despite this spike, the P1.1 trillion nine-month deficit remained below the government's target for the period, and the full-year deficit is still expected to stay within the P1.56-trillion ceiling, equivalent to 5.5 percent of GDP. The slowdown in spending was attributed to heightened scrutiny over payments, particularly within the Department of Public Works and Highways, amid a widening graft investigation into flood control projects.

The Economic Development Committee (EDCom) is reviewing a recommendation from the Tariff and Related Matters Committee to adjust the current 15% rice import tariff to strike a balance between protecting local farmers and controlling inflation for consumers. The 15% rate, which was previously lowered from 35% via Executive Order No. 62 as an inflation-containment measure, is now part of a discussion that includes keeping the rate until the end of the year alongside an extended rice import ban. The extension of the import ban is projected by the Bureau of Customs to result in a significant P12 billion in foregone government revenue.

CORPORATE NEWS

Corporate Snapshot: Meralco Powers Ahead with ₱40 B Core Income; BDO Posts Record ₱63 B Profit; and Robinsons Retail Core Profit Rises ₱4.23 B

Henry, M. (2016, September 8). Photo of truss towers [Photograph]. Unsplash. Gkortsilas, M. (2022, November 1). A train traveling over a bridge over a river [Photograph]. Unsplash. https://unsplash.com/photos/a-train-traveling-over-a-bridge-over-a-river-2YcqTfA1TxU

Meralco reported a core net income of ₱40 billion from January to September, reflecting strong operational performance driven by higher electricity sales and robust results across its distribution and generation segments. The company attributed the growth to sustained demand from both residential and commercial customers, as well as efficient cost management. With these results, Meralco remains on track to meet or possibly exceed its full-year profit target, underscoring its resilience amid fluctuating energy market conditions.

BDO Unibank, Inc. reported a record ₱63 billion net profit for the first nine months of 2025, marking a notable increase over the same period last year. This growth was driven by strong loan and deposit expansion, improved fee-based income, and effective risk management despite rising operational and market challenges. The bank remains confident in its growth trajectory, supported by a robust capital base and diversified business operations.

Robinsons Retail Holdings Inc. (RRHI) posted a ₱4.23 billion core profit for the first nine months of the year, representing a 3.9 % increase over the same period last year. The gain was driven primarily by higher gross margins and growth in net sales, which rose five percent to around ₱149.28 billion in the January–September period. However, when including external one-off items (such as gains from mergers), RRHI's net income fell sharply (by about 60 %) due to last year's high base from the merger of Bank of the Philippine Islands and Robinsons Bank Corp

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GLOBAL NEWS

Global Signals: U.S. Inflation Cools in September; China's Q3 Growth Beats Expectations; and ECB Poised to Hold Rates Steady

U.S. inflation in September came in softer than expected, with core CPI rising only 0.2% from August — the slowest increase in three months — mainly due to weaker housing cost gains. The report, released late because of the government shutdown, boosted expectations that the Federal Reserve will continue cutting interest rates, possibly again in December. While goods and shelter inflation eased, some service prices and tariff-related costs remained firm, showing mixed underlying price pressures.

China's economy grew by 4.8% in the third quarter, slightly exceeding estimates and keeping the nation on track for its full-year growth target of around 5%, an expansion largely powered by a booming export sector that is flooding the world with goods. However, underlying data paints a less robust domestic picture, showing significant weakness with retail sales growing at the slowest pace since November and fixed-asset investment contracting for the first time since 2020.

The European Central Bank (ECB) is widely expected to hold interest rates steady at 2% this week for the third consecutive meeting, as eurozone inflation is under control and economic forecasts look slightly healthier. The central bank is comfortable pausing after a year of cuts, with President Christine Lagarde noting they are "well placed" to respond to any new risks. However, headwinds like France's political crisis and the future impact of US tariffs mean a debate is already brewing among officials over a potential rate cut as early as December.

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OUTLOOK

- **Macro data: Overseas Policy directions from ECB, FED, and BoJ**
- **Locally: Q3 corporate earnings results**
- **Expect a quiet market both for bonds and equities due to the long weekend**
- **Political headwinds will continue along with the Peso weakness**

STRATEGY

- **Stay defensive and selective on the buying of equities**
- **Continue to focus on the oversold stocks with high dividends**
- **Take advantage of the higher yields on the longer tenor bonds**

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