



THE LOCAL READ



Source: Iao, P. (2021, January 24). red and white ship on sea during daytime. Unsplash.com; Unsplash. <https://unsplash.com/photos/red-and-white-ship-on-sea-during-daytime-NbhpGb7QGgw>

March PMI at 3-Month Low; Diesel Seen to Reach P170/L

The Philippines' S&P Manufacturing PMI slipped to 51.3 in March (prev. 54.6) as new orders growth slowed on the Middle East war. Supply chain risks emerged as the energy import-dependent manufacturing sector absorbed higher energy costs, causing a sharp rise in operating expenses. Despite these, managers' year-ahead outlook hit a four-month high on hopes of de-escalation in the Middle East conflict.

On the ground, another pump price hike will haunt consumers as unnamed industry sources suggested gasoline prices may go up P3 to P5 per liter, while diesel could increase by P4.5 to P12.9 per liter, potentially bringing the latter to P170 per liter later this week. This came as the Middle East war entered its fifth week, with negotiation speculation left shortchanged amid escalating combat operations in the region.

Outlook: With little definite steps towards peace in the Middle East, the country will likely have to grapple with higher oil prices for longer. Markets will keep a close eye on the April 7-8 inflation and employment data releases, looking for signs about the initial macroeconomic impact of the war. We expect the labor market to continue its tepid streak while inflation makes a significant acceleration to around the 4.0 percent mark, tilted to the upside on substantially higher fuel and energy costs.

Article Sources: Esmail, L. (2026, April). Diesel seen soaring to as high as P170/liter next week. INQUIRER.net. <https://business.inquirer.net/583445/diesel-seen-soaring-to-as-high-as-p170-liter-next-week>
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GLOBAL LENS



Image Source: Nifakos, G. (2021, November 16). two fighter jets flying next to each other in the sky. Unsplash.com; Unsplash. <https://unsplash.com/photos/two-fighter-jets-flying-next-to-each-other-in-the-sky--80ShtVP1Uc>

Article Sources: Alashray, E., & Stewart, P. (2026, April 4). Trump, Israel pressure Iran ahead of deadline as hunt goes on for missing US crew member. Reuters. <https://www.reuters.com/world/asia-pacific/downed-planes-spell-new-peril-trump-tehran-hunts-missing-us-pilot-2026-04-04/>
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Negotiation Hopes Dashed Anew; U.S. Job Market Bounces Back



Shifts in negotiations led to further oil price volatility last week. Unconfirmed reports early on suggested Iran's willingness to negotiate with the U.S. to end the conflict, with WTI spot prices falling by -2.7% from March 30 to April 1. However, escalation signals from President Trump and heightened tensions—including downed U.S. fighter jets and threats to infrastructure—reversed sentiment, pushing crude above \$110/bbl.



In the U.S., non-farm payrolls added +178,000 jobs in March, the highest since December 2024 as a healthcare workers' labor strike ended. However, analysts warn that the latest job print have yet to reflect the effects of the Iran war on the U.S. economy. This supports expectations of a Fed rate hold in its April 29th meeting.



Outlook: A new global theme has emerged, with market participants shifting focus on the macroeconomic impacts of the oil shock, rather than the conflict itself. S&P Global raised its inflation outlooks and trimmed growth projections for most regions, particularly for energy-dependent Europe and Asia-Pacific. Central banks across the world are being pushed into increasingly awkward spots facing lower growth prospects coupled with higher inflation. Even if an unlikely peace treaty pushes through swiftly, the disruptions from the conflict will ripple throughout Q2-2026.

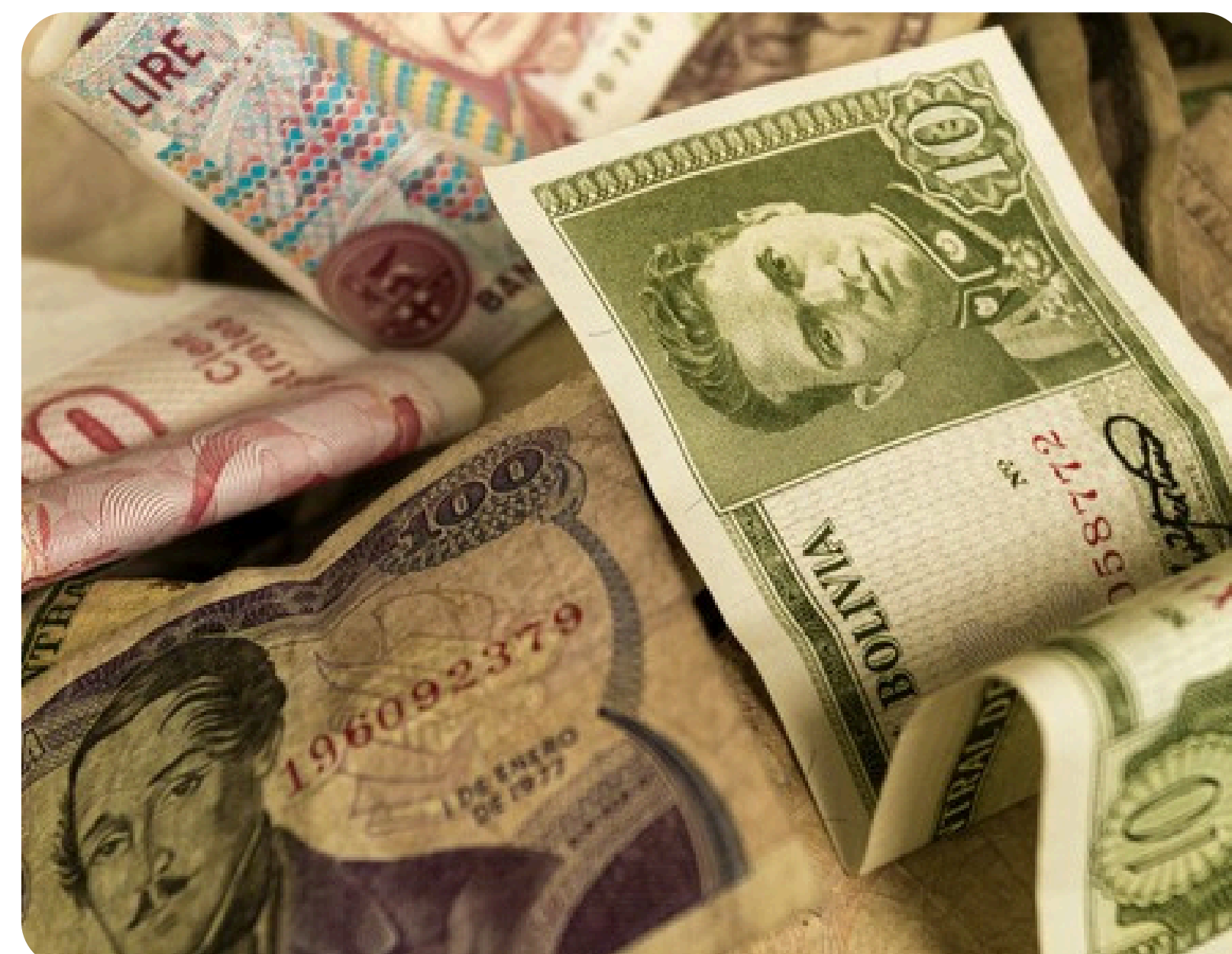


FOREX FOCUS

Peso-Dollar Moves to Further Record Low with Some Late Correction

Crude oil price movements continued to dominate foreign exchange markets. A minor correction that occurred by April 1st saw the U.S. dollar shedding a few points. This got reflected in most ASEAN currencies. But the effects of the WTI crude oil price surge on April 3rd will only materialize this coming week of April 6-10.

After hitting a new record low of P60.748/\$ on Tuesday, March 31st, a slight correction in crude oil prices, the U.S. dollar (weighted or DXY) and lower U.S. Treasury bond yields thumped down the FX rate to P60.16/\$ by end of work week (April 1st). April opened with a much higher volume suggesting strong buying interest during the downturn. Except for Singapore and Malaysia, the rest of ASEAN currencies gingerly appreciated with the Thai Baht making the biggest gain of 0.49%. The daily average trading vaulted by 23.1% to \$2,108.58, as dealers closed open selling positions and some took profits by the end of March.

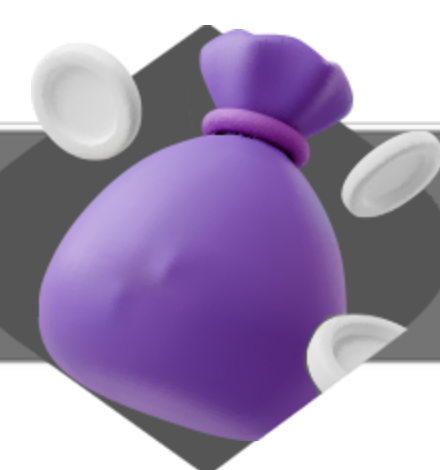


Source: PiggyBank. (2022). a pile of money sitting on top of a table. In Unsplash. Unsplash. <https://unsplash.com/photos/a-pile-of-money-sitting-on-top-of-a-table-1SbXOfNcJnU>



Source: Trading Economics. (2026). US Dollar Philippine Peso. Tradingeconomics.com. <https://tradingeconomics.com/united-states/government-bond-yield>

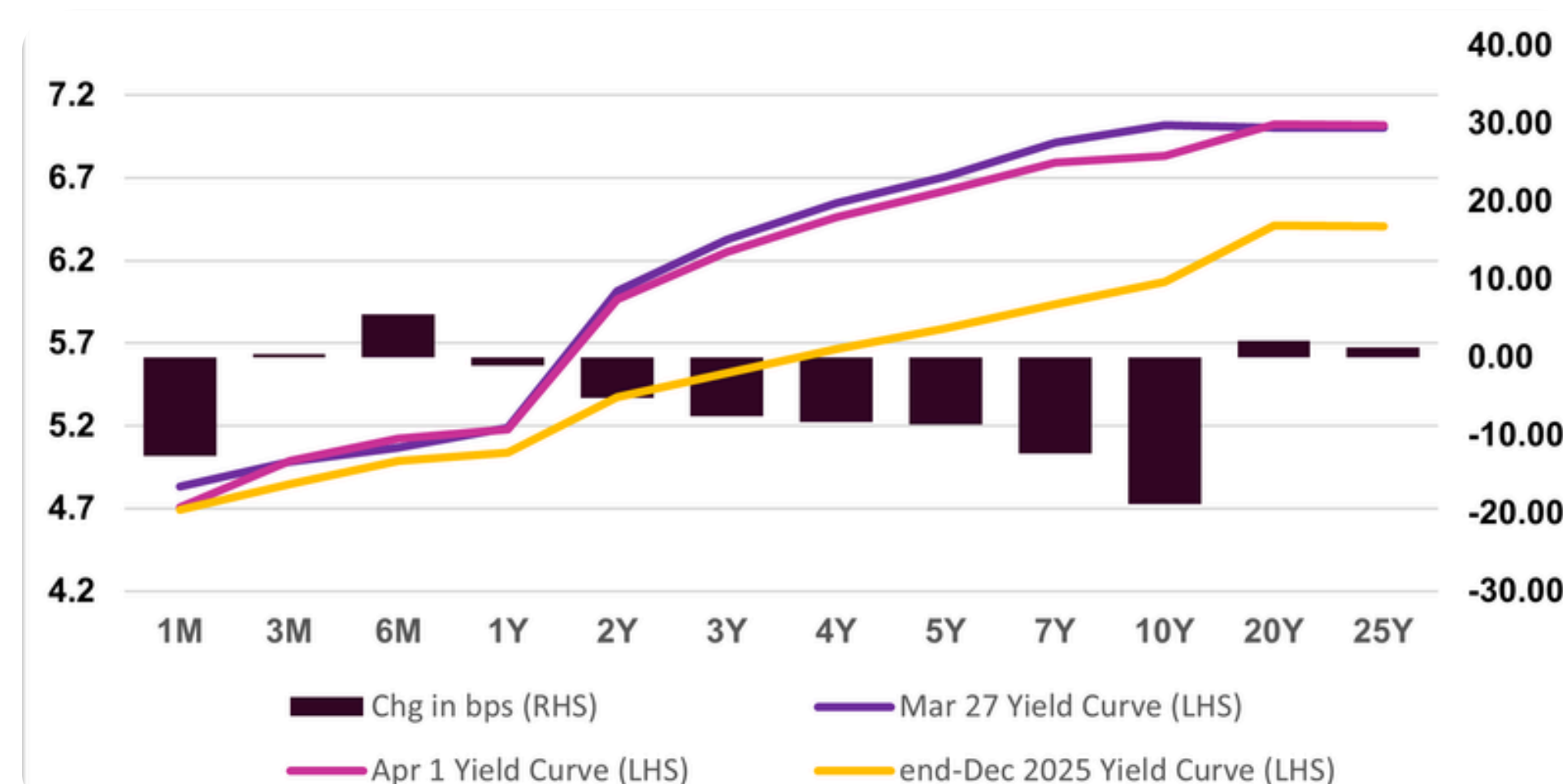
Outlook: USD-PHP may revert to a depreciation trend after WTI crude oil prices rocketed by 11.9% from April 1 (PH last trading day) to April 3, Friday alone to end at \$112.04/bbl. The reports of military incidents involving two U.S. aircrafts and the Israeli bombing of an Iranian petrochemical complex over the weekend have sparked more tension in the Middle East and likely cause further hikes in crude oil prices this coming week.



THE BOND BLUEPRINT

Bond Trading Pushes Gains over Shortened Week

BSP decision to hold policy rates in its the March 26, 2026 off-cycle meeting calmed the local bond market as GS dealers earlier feared a rate increase in the light of surging crude oil prices. In addition, lower 10Y U.S. Treasury bonds eased during the first days of the week, and these enabled market players take off to soothing vacation with the shortened week (3 trading days in Holy Week) with slight declines in bond yields.



Source: Bloomberg, Authors' Calculations

GS Auctions

Bureau of Treasury did not conduct any auction during Holy Week.

GS Secondary Trading

Due to the slightly more favorable conditions, GS dealers traded more (on the basis of average daily volume) to P67.98-B, up by 16.5% from the previous 5-day week. Trading volume at the short end of the curve (<3Y) slowed to 78.8% of total trades from 85.4% previously, and action shifted to the 3Y-5Y space which grabbed 19.9% share from just 5.05% in the prior week. Trading in 7Y-10Y buckets nearly equaled last week as it took 7.61%. The BSP policy rate hold and easing in U.S. Treasuries to mid-week drove most yields lower. 10Y and 7Y benchmark yields slid the most by -18.86 bps and -12.28 bps for the former to fall below 7.0% closing at 6.8308%. As maturities went down, so did the yields, except for the 3M and 6M tenor and 20Y and 25Y spaces. These saw mild upticks of 0.43 bps and 5.58 bps, respectively for the short end, but with the 3M yields dropping below 5.0% to end at 4.9897%.



Source: Trading Economics. (2026). United States Government Bond 10Y. Tradingeconomics.com. <https://tradingeconomics.com/united-states/government-bond-yield>

Outlook: We expect longer tenors to give up gains during the week since WTI crude oil prices soared further by 11.9% on April 3 from 2 days earlier (April 1st). 10Y benchmark yield will likely hover around 7% or slightly higher until local inflation stabilizes at below 4% YoY. Shorter maturities (<3Y) should again grab market share as risk-off sentiment returns. We also expect similar movements in the auction market, even as BTr rejects bids significantly déjà vu.



THE EQUITY PLAY

Top Five Index Winners & Losers

Stock	Close as of Apr 6	W/W Change
AC	534.0	5.7%
SMPH	20.2	4.1%
ACEN	3.0	3.9%
PGOLD	41.0	3.3%
BPI	101.6	3.1%
PLUS	15.6	-5.2%
CBC	62.0	-5.0%
MBT	63.0	-4.5%
CNPF	33.5	-4.3%
CNVRG	12.2	-4.3%

Source: LSEG. (2026). LSEG Workspace [Database]. Retrieved Apr 1, 2026 from "Workspace Add-in for Excel"

PSEi Edges up on Hormuz Reopening Hopes

The PSEi crawled through the shortened trading week, edging up by +0.43% w/w to 5,998.68, as markets took in Middle East negotiation hopes. The local bourse initially dipped on continued energy market disruption and a weakened peso, but market sentiment then recovered slightly on renewed negotiation hopes and end-Q1 portfolio window dressing (where asset managers buy high-performing stocks and dump low-performing ones). ALI also commenced its P10-B buyback plan last week, as the property counter hit a 14-year low.

Some buying activity emerged, with adjusted weekly turnover (using a comparable three-day trading period) improving by +22.8% w/w to P26.1-B. Local investors drove the gains, as adjusted net foreign selling engorged by +84.9% w/w to P3.5-B. Sectoral gainers took the cue from Mining & Oil (+6.4% w/w) on a precious metals rebound and Holdings (+2.2% w/w) as AC led index advancers. On the other hand, Financials (-0.40% w/w) and Industrials (-0.48% w/w) slipped back. Market breadth turned more constructive, with 126 gainers against 90 losers and 37 unchanged.



Source: Investa. (2026). PSE:PSEI - Philippine Stock Exchange Index (PH) | Price and Chart | Investagrams. Investagrams. <https://www.investagrams.com/Stock/PSE:PSEI>

Outlook: While the previous week seemed encouraging, we expect continued risk-off behavior as the window-dressing effect wears off and participants brace for most countries' March inflation readings this week. The market may keep below the 6,000 level as the Middle East situation becomes more complicated, and investors duck for cover with the April 7-8th local inflation and labor data releases, where we expect subpar jobs performance and accelerating inflation to spur bearish sentiment.



OUR OUTLOOK

- 1 **Market will take cue on: Local CPI and ME de-escalation**
- 2 **Equities and bonds will move sideways with a negative bias**
- 3 **Local Q1 GDP and earnings results will start to take center stage**
- 4 **Equities play will continue to revolve around defensive sector**

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Tell us what you think! What was your favorite part, and what would you like to see next week?