



## THE LOCAL READ



Source: Darroca, H. (2025, May). Colorful character balloons hang in a crowded street. Unsplash.com; Unsplash. [https://unsplash.com/photos/colorful-character-balloons-hang-in-a-crowded-street-fmidF\\_sCoQ](https://unsplash.com/photos/colorful-character-balloons-hang-in-a-crowded-street-fmidF_sCoQ)



## GLOBAL LENS



Image Source: Planet Volumes. (2026, April 7). Strait of Hormuz between Iran and Oman. Unsplash.com; Unsplash. <https://unsplash.com/photos/strait-of-hormuz-between-iran-and-oman-8koWngCqzqM>

Article Sources: Buchwald, E., Gold, H., Egan, M., Towfighi, J., Wallace, A., Mena, B., Goldman, D., & Stiles, M. (2026, April 10). US inflation tripled last month on record spike in gas prices. CNN. <https://edition.cnn.com/2026/04/10/business/live-news-us-cpi-march-inflation-iran-reuters-staff/>. (2026, April 10). US consumer sentiment dives to a record low in April amid Iran war. Reuters. <https://www.reuters.com/business/us-consumer-sentiment-dives-record-low-april-amid-iran-war-2026-04-10/>. Sayeed, S., Shahzad, A., & Bukhari, M. (2026, April 11). US-Iran peace talks end without agreement, delegations leave Pakistan. Reuters. <https://www.reuters.com/world/asia-pacific/us-iran-talks-pause-now-disagreements-remain-2026-04-11/>

### March Inflation Speeds Beyond Target, February Employed Persons Still Below 50.0-M, Pump Price Rollback Expected

March inflation rose to +4.1% YoY, above BSP's 2-4% target, due mainly to higher energy prices from the Middle East conflict. Transport costs increased sharply (+9.9% YoY prev. -0.3%), while Food & Non-Alcoholic Beverages (+3.0% prev. +1.8%) and Housing, Utilities (+4.5% prev. +2.9%) also saw gains. Similarly, core inflation climbed to +3.2% YoY (prev. 2.9%). These point to the initial price effects of the oil shock making its way to fuel-sensitive sectors, with more likely in store.

February's employed persons reached 49.4-M, up 1.5-M from January but still short of the robust 50.0-M persons mark. Thus, the unemployment rate fell to 5.1% as major sectors improved hiring. New jobs in Services, particularly in retail, surged (+911,000) alongside the planting season in Agriculture (+613,000), while Industry struggled (-34,000), except for gains in Manufacturing (+69,000). Construction jobs declined (-48,000), reflecting slow government infra project rollouts

Aside from these, negotiations in the Middle East pushed global crude prices downwards, with the DOE estimating rollbacks of P20.89/L for diesel and P4.43/L for gasoline.

**Outlook:** We foresee sizeable second-round effects on inflation mounting from the Middle East conflict through Q2, albeit at a slower MoM pace than in March. Rising cost pressures should translate into weaker labor market and industrial performance in the coming months. We will focus next on dual Fed, BSP meetings in late April, where we foresee at least rate holds from both central banks to stem inflation. We think BSP will watch core inflation more closely, as it expressed that monetary policy can only step in for second-round effects and since low inflation last year will make headline inflation appear much larger (a.k.a "base effects").

Article Sources: Garcia, J. X. (2026, April 8). Phil. unemployment dips to 5.1% in February. BusinessMirror. <https://businessmirror.com.ph/2026/04/08/phil-unemployment-dips-to-5-1-in-february/>. GMA News. (2026, April 12). Diesel price rollback seen at P20.89/liter, gasoline, kerosene down too — DOE. GMA News Online. <https://www.gmanetwork.com/news/money/economy/983560/diesel-price-rollback-for-diesel-gasoline-kerosene-april-14-20-doe/story/leon.%20>. (2026, April). Philippine March inflation soars to 4.1% on oil price shocks from Middle East war. INQUIRER.net. <https://businessinquirer.net/58374/philippine-march-inflation-surges-to-4-1-on-oil-price-shocks-from-middle-east-war>

### U.S.-Iran Talks Falter; Inflation Picks Up



Renewed ceasefire hopes sent crude tumbling below \$100/bbl. President Trump announced a two-week ceasefire between belligerent countries right before an ultimatum deadline. WTI spot prices plunged some -15.1% on April 8<sup>th</sup>, bringing it around \$96/bbl. However, oil prices picked up closer to \$98/bbl later in the week, as the fragile ceasefire came under pressure with Israeli strikes against Hezbollah sites in Lebanon. American and Iranian delegates met in Pakistan over the weekend to negotiate but failed to come to an agreement on nuclear programs and regional concessions. Despite this, both parties highlighted willingness to conduct further talks into the near future.



In the U.S., the University of Michigan Consumer Sentiment Index plunged to a record low of 47.6 in April (prev. 53.3) as the Middle East conflict broadly eroded confidence and raised inflation outlooks. U.S. inflation in March surged to +3.3% YoY, a near two-year high, as fuel prices increased by double digits.



**Outlook:** While the ceasefire negotiations provided temporary reprieve from rising oil prices, the second-round effects will continue to materialize in the coming months. Energy-dependent Asia-Pacific remains vulnerable, with the Asian Development Bank lowering its regional growth forecast by 1.3 percentage points from last year. Weaker consumer sentiment and higher inflation in the U.S. have all but guaranteed a rate hold in the Fed meeting later this month.



## FOREX FOCUS

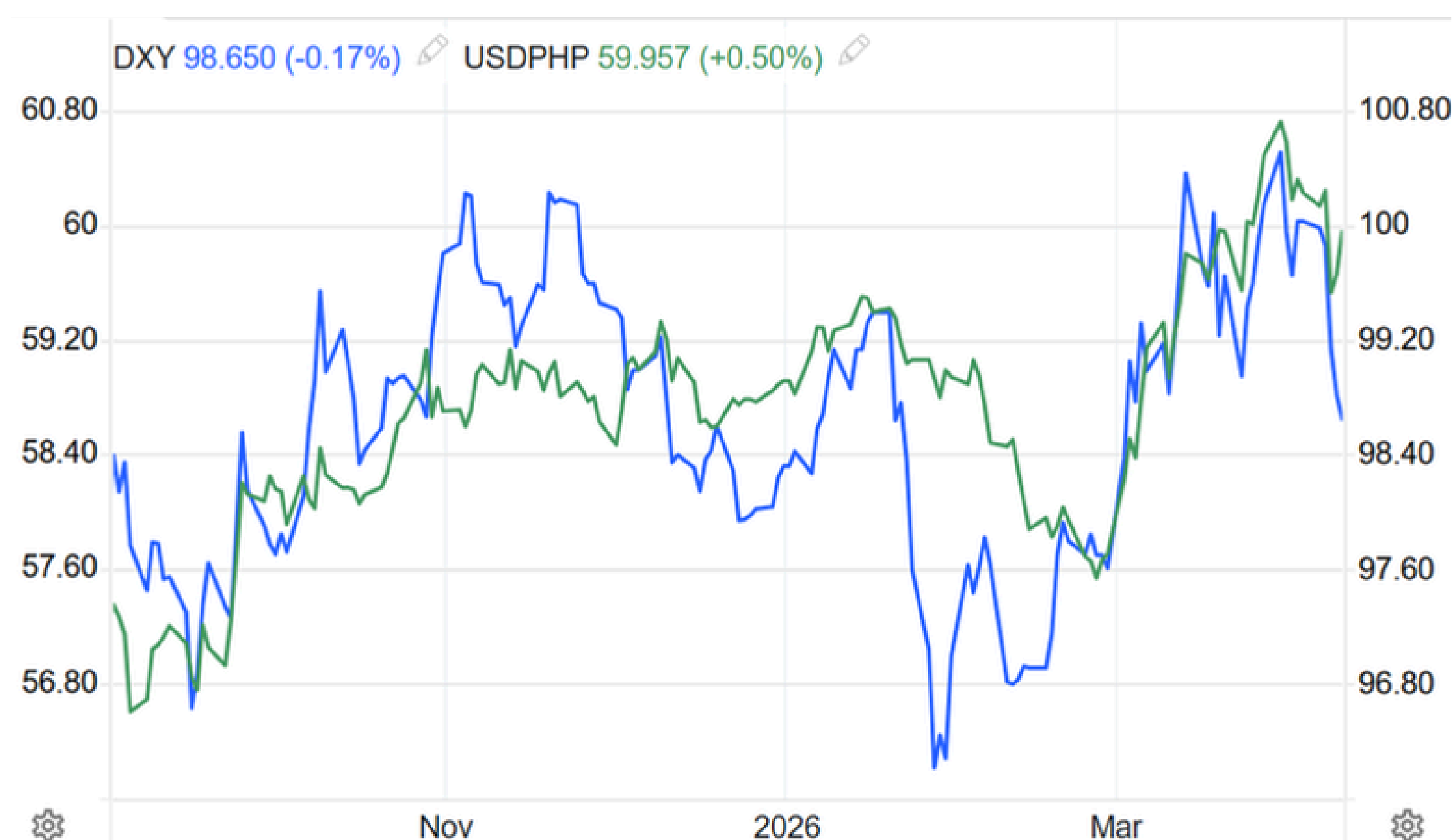
### Peso-Dollar Finds Relief on Ceasefire Announcement

The currency market reacted positively to the Trump announcement of a two-week ceasefire for Iran to open the Strait of Hormuz and start negotiations brokered by Pakistan. The day after the announcement (April 8, PH time), USD-PHP dove as both crude oil prices (to below \$100/barrel) and U.S. dollar eased. However, uncertainties on the negotiation outcome primed WTI and Brent crude to rebound close to \$100/bbl and the peso to depreciate anew.

USD-PHP started the week moving sideways, but the April 7 (U.S. time) statement provided a momentary relief to the market and drove FX rate to an intraday low of P59.291 on Wednesday. However, it returned to a depreciation mode thereafter and closed the week at P59.97/\$, still a -0.32% appreciation, despite the U.S. dollar drifting away slightly from DXY 100. Robust demand returned after the Wednesday low as may be seen in the spike in that day's trading volume of \$2.48-B. This emerges clearly as the average trading volume for the 4-day week dropped to \$1.88-B.

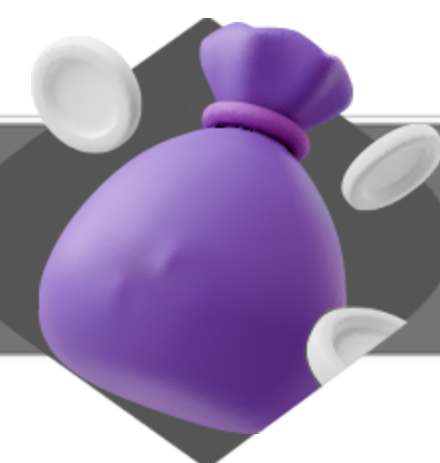


Source: Cichosz, P. (2020, March 21). 100 banknote on pink textile. Unsplash.com; Unsplash. <https://unsplash.com/photos/100-banknote-on-pink-textile-Jlg1cbg3Tpi>



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

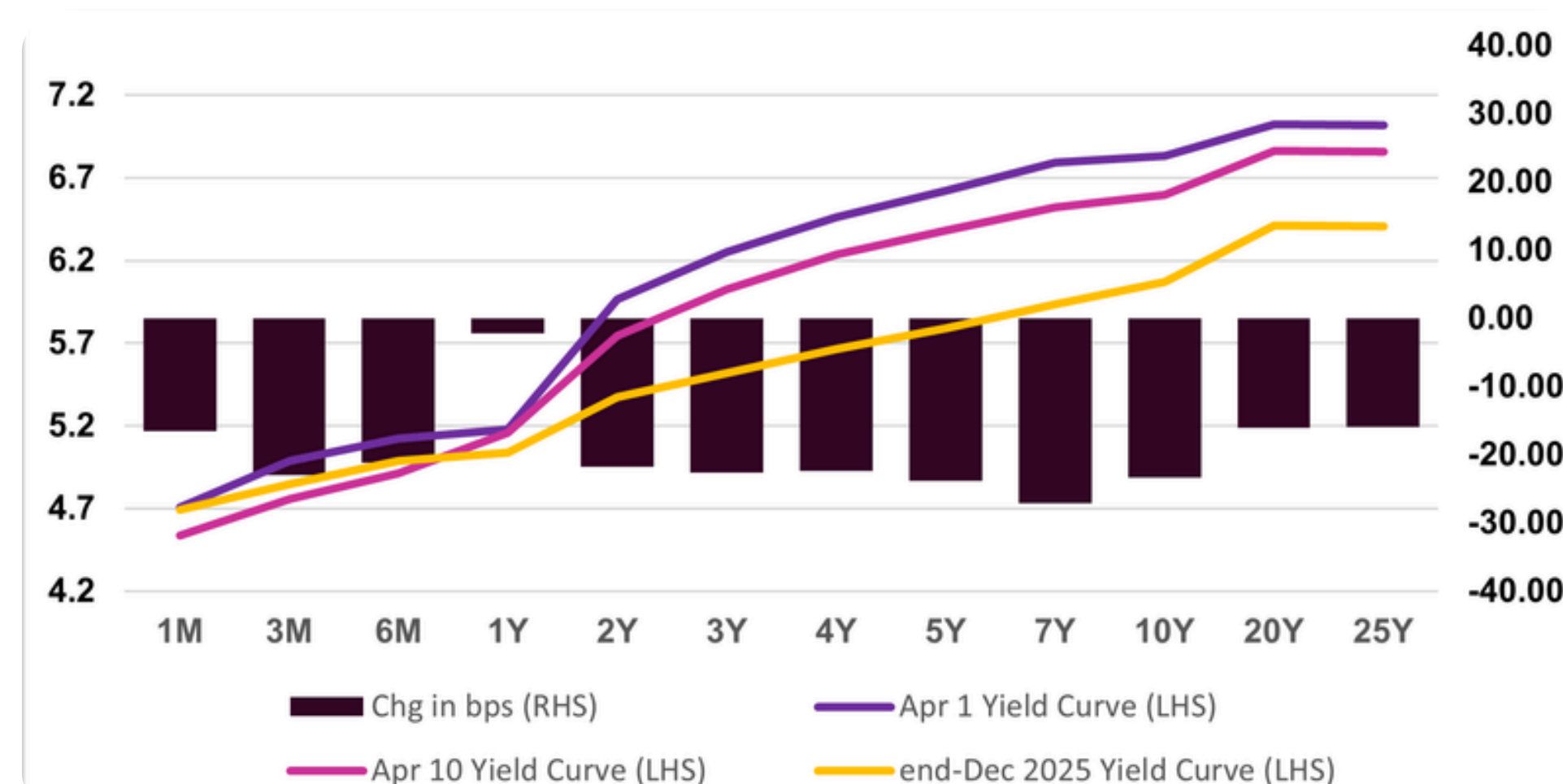
**Outlook:** USD-PHP will take its cue from U.S.-Iran negotiations outcomes, but more importantly from crude oil price movements due to PH heavy dependence on Middle East crude. WTI/Brent kept close to \$100/bbl despite peace talks, and negotiations on Friday did not yield much positive results. Thus, we expect USD-PHP may still exhibit a slight depreciation bias until more constructive outcomes emerge from the talks.



## THE BOND BLUEPRINT

### Secondary Bond Trading Risk-On Following Negotiation Talks

The local bond market saw different sentiments in the primary (auction) and secondary markets. Action in the auctions for government securities (GS) remained muted as these occurred prior to the Trump announcement. The ceasefire-cum-negotiations pronouncement whetted risk appetite and cemented the rally in the Treasury bond (T-bond) market. These translated into lower yields and higher average daily volumes in the secondary market.



Source: Bloomberg, Authors' Calculations

## GS Auctions

The Tender-Offer Ratio improved to 1.689x as of April 10, up from 1.354x two weeks prior, while yields on longer T-bonds skyrocketed. The 3.1Y bond yield increased by 100.2 bps to 6.298%, and the 8.6Y yield jumped by 76.2 bps to 6.747%, despite a lower acceptance rate than the BTr's P20.0-B offer. T-bills saw improved demand—91-day yields edged down by 1.9 bps to 4.985%; 182-day and 364-day yields were up slightly, closing at 5.080% and 5.204%. The 364-day tenders fell short of BTr's offer, with an acceptance rate of just 53.3%.

## GS Secondary Trading

Risk appetite remained unsated following the U.S.-Iran ceasefire and Pakistan-brokered talks, which boosted peace expectations. Average daily volume in the 4-day week rose 24.4% to P83.56-B. Maturity shares looked similar to the previous week: <3Y tenors took 67.3%, with a rise in the 3Y to <5Y range to 22%. Yields dropped across the curve; 3M papers fell by 23 bps to 4.76%, and for maturities of 2Y or longer, rates declined just over 20 bps. The steepest decline was for 7Y tenors (down 27.1 bps to 6.5214%), followed by drops in 5Y (-23.8 bps, 6.3837%) and 10Y (-23.3 bps, 6.5980%) yields.



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

**Outlook:** The huge jump in US inflation for March to 3.3% YoY from 2.4% a month ago and uncertainty over outcomes in the U.S.-Iran negotiations will impact the local bond market. Yields in the secondary market may move sideways with an upward bias. We should see similarly tepid tenders in BTr's April auctions, with the latter ready to reject high bids due to its large cash holdings and tax inflows.

## THE EQUITY PLAY

### Top Five Index Winners & Losers

Stock	Close as of Apr 13	W/W Change
PLUS	16.8	7.7%
MBT	67.3	6.8%
ALI	18.1	6.4%
DMC	10.2	4.0%
MONDE	6.7	3.9%
JFC	169.5	-4.9%
CNPF	32.2	-3.9%
URC	62.0	-3.3%
GTCAP	513.0	-2.1%
SM	621.0	-1.9%

Source: LSEG. (2026). LSEG Workspace [Database]. Retrieved Apr 10, 2026 from "Workspace Add-in for Excel"

## PSEi Gains on Shaky Middle East Peace Deal

The PSEi advanced by +1.7% w/w to 6,098.21 following a two-week U.S.-Iran ceasefire. The market initially dipped after the previous week's holiday edge but gapped up afterwards as news of a tenuous ceasefire broke. Further negotiation failures occurred over the weekend.

Buying activity picked up by +2.0% w/w to P26.6-B, as the Araw ng Kagitingan holiday shortened the trading week. Local buyers again picked up the slack, with net foreign selling at P2.5-B but lower by -28.8% w/w. Sectors broadly recovered, with Mining & Oil (+7.4% w/w) up as gold rallied on fragile peace negotiations and Services (+3.1% w/w) counters enjoyed selective buying. Meanwhile, Industrials (-0.06% w/w) continued slipping as participants sold off inflation-sensitive heavyweights. Market breadth improved, with 148 gainers against 79 losers and 31 unchanged.



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

**Outlook:** The market may trade sideways with an upside bias this week as negotiations in the Middle East develop. Even as U.S.-Iran negotiations broke down over the weekend, the ceasefire remains and investors will find more footing on gradual conflict de-escalation in the Middle East. Crucially, spot oil remains below \$100/barrel, which helps the peso-dollar rate and adds some reprieve for market sentiment. Imminent pump price rollbacks will also cool frayed investor nerves. On the other hand, any sustained rally may be thwarted as macro headwinds mount in the medium term with faster inflation and growth disruptions from the oil price shock.



## OUR OUTLOOK

- 1 **Expect market to be risk-off again this week**
- 2 **Equities and bonds will trade with a negative bias**
- 3 **US-Iran development will be the key highlights**
- 4 **Q1 GDP and earnings results will be in focus**

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