

BONDS UP ON RATE CUT ANTICIPATION EQUITIES DOWN ON CORRUPTION PROBES

Weekly Review: 29 August to 5 September 2025

What Happened Last Week

- U.S. bonds rallied to a five-month high as weak labor data reinforced a September Fed rate cut. Likewise, U.S. equities posted gains buoyed by tech giants on a recent favourable anti-trust ruling.
 - August non-farm payrolls rose just 22k, well below the 75k consensus
 - Federal courts issued a ruling that spared Alphabet from the harshest penalty of dissolution. This led to tech giants Alphabet (+10% WoW) and Apple (+3% WoW) solid gains.
- Local bonds extended their gains despite stronger inflation data, supported by growing Fed rate cut expectations. On the other hand, local equities slipped amid corruption probes over flood-control projects.
 - August headline inflation rose to 1.5% year-on-year (vs. 0.9% in July), above the 1.2% consensus but within BSP's 1.0–1.8% forecast range.
- PHP strengthened on growing Fed rate cut bets.
- Asset prices Week-on-Week (WoW) and Year-to-Date (YTD)

Asset	Week-on-Week Aug 29 to Sep 5, 2025	YTD as of Sep 5, 2025	Current Level as of Sep 5, 2025
	Rate Change		Rate
10Yr US Treasury Yield	▼0.15%	▼0.49%	4.08%
10Yr PHP Benchmark Yield	▼0.02%	▼0.18%	6.00%
	Price Change		Price
Philippine Peso vs. US Dollar	▲0.37%	▲1.62%	PHP56.92/USD
S&P500	▲0.33%	▲10.20%	6,481.50
PCOMP	▼0.10%	▼6.00%	6,149.13

What To Expect This Week

- With limited local catalysts, local bond yields are likely to track U.S. Treasuries.
- Local Equities may continue to trade sideways with a downward bias as investors monitor developments from the Blue-Ribbon Committee's flood-control hearings.