

BONDS RISE, EQUITIES DIP ON WEAK US LABOR DATA

Weekly Review: 28 July to 01 August 2025

What Happened Last Week

- U.S. equities fell following weaker-than-expected labor data, while bonds rose as rate cut expectations strengthened.
 - July Nonfarm payrolls increased by just 73,000, well below the 104,000 forecast. The previous two months saw a combined downward revision of 258,000 jobs.
 - July unemployment rate edged up to 4.2% in July from 4.1%.
- Local bond and equities mirrored US market movements. Equities were further pressured by the Peso's depreciation and concerns over BDO's earnings.
 - BDO fell 6% week-on-week after reporting a modest 3% 2Q earnings growth, missing estimates due to higher operating costs.
- The Philippine peso hit a two-year low as odds of a September FOMC rate cut fell, compounding the Philippines' twin deficit problem.
 - Fed Chair Powell kept rates steady, citing solid growth and a balanced labor market. He noted that tariff effects are uncertain and policy remains flexible.
 - President Marcos' SONA push for fuel subsidies or tax suspensions may worsen fiscal deficits.
- Asset prices Week-on-Week (WoW) and Year-to-Date (YTD)

Asset	Week-on-Week Jul 28 to Aug 01, 2025	YTD as of Aug 01, 2025	Current Level as of Aug 01, 2025
	Rate Change		Rate
10Yr US Treasury Yield	▼0.17%	▼0.35%	4.22%
10Yr PHP Benchmark Yield	▼0.04%	▲0.03%	6.20%
	Price Change		Price
Philippine Peso vs. US Dollar	▼1.81%	▼0.52%	PHP58.145/USD
S&P500	▼2.36%	▲6.06%	6,238.01
PCOMP	▼1.67%	▼3.41%	6,306.13

What To Expect This Week

- Investors will focus on local inflation, GDP, and corporate earnings releases.
 - July PH inflation is expected to ease to 1.1% from 1.4% in June.
 - 2Q GDP is projected to hold steady at 5.4%, matching 1Q growth.
 - Key index members SM, SMPH, ALI, and ICT are set to report results. Market sentiment will likely be influenced by their forward guidance.

GREEN SHOOTS AMIDST HABAGAT

29 July 2025 Special Talk Point Key Take Aways



Inflation, the main headwind for markets in recent years has fallen significantly. However, trade tensions —our ‘Habagat’—pose new challenges to the market recovery: wider deficits, a weaker Peso, and lower stock prices. How do we reconcile conflicting economic news? Go for value.

Interest rates remain near all-time highs despite inflation being at five-year lows. Lock in.

Stock valuations are at five-year lows. Buy on dips.

How do you know which investment to pick? Go for Stewardship funds. These are diversified portfolios that invest in all asset types - money market, bonds, and stocks providing diversification. Professional funds managers who monitor the markets 24/7 rotate investments for you - shifting as economic development favor one investment over another.

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