

LOCAL BONDS FELL ON LESS DOVISH BSP. EQUITIES UNDER PRESSURE AS TELCOS TUMBLED.

Weekly Review: 25 – 29 August 2025

What Happened Last Week

- US bonds gained on growing expectations of Fed rate cut. Meanwhile, U.S. equities fell, dragged down by tech stocks sell-off.
 - Key tech names declined on revenue misses and lowered growth forecasts: Dell (-6.6%), Nvidia (-2.1%), Marvell (-13.8%), Oracle (-4.3%).
- Local bond prices declined after BSP signalled a less dovish stance. Local equities came under pressure following the enactment of the Konektadong Pinoy Act (KPA), which increases competition and threatens to compress margins.
 - Governor Remolona indicated rate cuts "are possible but unlikely", as policy rate hitting 5% is at goldilocks zone – neither inflationary nor restrictive to growth.
 - Telco stock prices (GLO -7.7%, TEL 9.7%, CNVRG -6.7% week-on-week).
- The Philippine peso weakened as the interest rate differential with the U.S. narrowed.
 - After BSP's rate cut, the gap tightened to just 0.50%, reducing the peso's yield advantage.

Asset prices Week-on-Week (WoW) and Year-to-Date (YTD)

Asset	Week-on-Week	YTD	Current Level
	Aug 22 – Aug 29, 2025	as of Aug 29, 2025	as of Aug 29, 2025
	Rate Change		Rate
10Yr US Treasury Yield	▼0.03%	▼0.34%	4.23%
10Yr PHP Benchmark Yield	▲0.02%	▼0.16%	6.02%
	Price Change		Price
Philippine Peso vs. US Dollar	▼0.32%	▲1.24%	PHP 57.13/USD
S&P500	▼0.10%	▲9.84%	6,460.26
PCOMP	▼2.01%	▼5.72%	6,155.57

What To Expect This Week

- Local bond and equity markets will move sideways as investors wait for the latest inflation report.
 - August PH inflation is expected to increase to 1.2% from 0.9% in July.