



BAIPHIL MARKET WATCH

12 May
2026

BAIPHIL @ 85: CONTINUING PARTNERSHIP TO R.I.S.E. IN BANKING
RESILIENCE. INCLUSIVITY. SUSTAINABILITY. ENGAGEMENT

Legend

- Improvement / Up
- Deterioration / Down
- No Movement

FINANCIAL MARKETS AT A GLANCE



Currency Exchange ¹	Current	Previous
USD/PHP	61.1500	60.6130
USD/JPY	157.0900	156.6700
USD/CNY	6.7960	6.8008
EUR/USD	1.1770	1.1788
GBP/USD	1.3602	1.3633

PHP BVAL Reference Rates ²	Current	Previous
30-Day	4.7100	4.7273
91-Day	4.8276	4.7998
180-Day	5.2631	5.2372
1-Year	5.5435	5.4295
3-Year	6.7266	6.6873
5-Year	7.0106	6.9547
10-Year	7.2978	7.0652

Domestic Stock Index ³	Current	Previous
PSEi	5,986.85	5,960.97
Trade Value (Php B)	5.986	8.521

Stock Index ⁴	Current	Previous
NIKKEI 225	62,417.88	62,713.65
FTSE 100	10,269.43	10,233.07
DOW JONES	49,704.47	49,609.16
S&P 500	7,412.84	7,398.93
NASDAQ	26,274.13	26,247.08

Various ^{5/6}	Current	Previous
Brent Crude (USD/bbl)	104.58	104.97
3-M US Treasury Yield	3.70%	3.69%
5-Y US Treasury Yield	4.07%	4.02%
10-Y US Treasury Yield	4.42%	4.38%



PHILIPPINES



- ✓ **PSEi up on cautious bargain-hunting.** The Philippine Stock Exchange index (PSEi) rose on Monday, May 11, on bargain hunting—particularly in stocks that posted encouraging first-quarter performances. The main index added 25.88 points, or 0.43 percent, to close at 5,986.85. The property sector led the advance, while conglomerates and miners retreated. Volume was thin at 1.28 billion shares worth ₱5.43 billion. Losers outnumbered gainers—100 to 91, with 73 unchanged. “The PSEi ended in green, recovering from Friday’s decline as strong buying momentum during the morning session lifted the market. However, gains were tempered by some profit-taking in the afternoon, while investors remained selective as more companies continued to release their first-quarter earnings reports,” said Regina Capital Development Corp. managing director Luis Limlingan.
<https://mb.com.ph/2026/05/11/psei-up-on-cautious-bargain-hunting>
- ✓ **T-bill rates climb after inflation surge, weak Q1 GDP.** Yields on Treasury bills (T-bills) rose again at Monday’s auction as investors priced in a fresh surge in inflation and another period of anemic economic growth amid the Middle East war. Auction results showed the Bureau of the Treasury (BTr) undersold its offering after raising P28.3 billion of the P32-billion target — with only the 91-day T-bill fully awarded, while the 182-day and 364-day securities were partially taken up. The rise in yields marked the third straight week of increases, while underselling was seen for the second consecutive week. The 91-day debt note averaged 4.850 percent, higher than the 4.711 percent recorded in the previous auction. Meanwhile, the 182-day T-bills settled at 5.270 percent, up from 4.964 percent, while the 364-day paper rose to 5.719 percent from 5.377 percent. “As we navigate these challenging times, the Bureau of the Treasury remains committed to upholding market stability, implementing sound debt strategies and further strengthening trust and confidence in the country’s financial systems,” National Treasurer Sharon Almanza said in her speech at the First General Membership Meeting of the Money Market Association of the Philippines (MART).
<https://business.inquirer.net/589798/t-bill-rates-climb-after-inflation-surge-weak-q1-gdp>
- ✓ **US-Iran standoff drags peso back to P61 level.** The peso sank back to the P61-per-dollar level on Monday after the United States and Iran rejected each other’s peace proposals. The currency fell by 53.7 centavos to close at P61.15 a dollar from its P60.613 finish on Friday, according to Bankers Association of the Philippines data posted on its website. The peso weakened due to renewed risk-off sentiment after both the US and Iran rejected each other’s peace offers, a trader said by phone. The rise in oil prices following the latest developments in the Middle East provided support to the US dollar, causing the peso to end lower, Rizal Commercial banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.
<https://www.bworldonline.com/banking-finance/2026/05/12/748860/us-iran-standoff-drags-peso-back-to-p61-level/>
- ✓ **FDI net inflows rise to \$590M in February — BSP.** Foreign direct investment (FDI) net inflows into the Philippines rebounded in February after hitting a four-month low in January, data released by the Bangko Sentral ng Pilipinas on Monday showed. FDI net inflows stood at \$590 million (around P33 billion) in February, higher than the \$443 million (about P24.8 billion) recorded in January, but lower than the \$855

million (around P47.9 billion) posted in the same month last year. FDI data cover investments by foreign investors in Philippine companies in which they own at least a 10% stake, including funds from overseas affiliates to their Philippine parent firms.

<https://www.gmanetwork.com/news/money/economy/987180/fdi-net-inflows-rise-to-590m-in-february-bsp/story/>

- ✓ **7 more countries join Luzon corridor pact.** There are now 10 countries participating in the Luzon Economic Corridor (LEC) partnership after the Philippines, the United States and Japan on Monday brought in seven more partners to support the development of the Subic-Clark-Manila-Batangas growth belt. Australia, Denmark, France, Italy, South Korea, Sweden and the United Kingdom are the latest countries to enter the LEC fray, which was formed in 2024 to expand transport, energy, digital connectivity and manufacturing infrastructure across western Luzon, said the statement from the office of Finance Secretary Frederick Go. Among these new entrants, the United Kingdom, South Korea, Australia and Sweden had already been studying possible participation in the corridor since late 2024. "The expansion of the LEC partnership demonstrates the power of collaboration among likeminded nations committed to transparency and shared prosperity," said Go, who cochairs the LEC Steering Committee. With their entry, the seven countries also pledged financing and technical support for projects tied to the corridor.
<https://business.inquirer.net/589854/7-more-countries-join-luzon-corridor-pact>
- ✓ **PPP Center says commitments 'intact' despite cost pressures.** The Public-Private Partnership (PPP) Center said infrastructure commitments under existing PPP projects remain intact despite rising global cost pressures linked to the conflict in the Middle East. "Based on available information to date, there is no significant evidence of direct impact on the implementation of awarded PPP projects," the PPP Center said in an e-mailed reply to questions on May 4. "Contractual commitments remain intact, and both government and private partners continue to honor their obligations under existing PPP contracts," it added. The latest PPP Center data showed 287 PPP projects worth P3.57 trillion are currently under implementation. Of the total, 202 are unsolicited projects, while 71 are solicited projects. However, the center said the conflict in the Middle East could exert upward pressure on key input costs, including fuel, construction materials and logistics. "These cost pressures can pose challenges for infrastructure projects, including those implemented through PPPs," it said. Despite these risks, the PPP Center said PPP arrangements are structured "to manage risks through clear allocation mechanisms and contractual provisions," which help support project resilience amid external uncertainties. The PPP Center also identified bottlenecks affecting both solicited and unsolicited projects. It added that rushed feasibility studies tend to prolong procurement and increase the likelihood of poor-quality bid submissions. For unsolicited proposals, delays typically arise from prolonged negotiations when parties fail to agree on key commercial or risk-allocation terms. The PPP Center said PPP Governing Board Resolution No. 2025-01-02, or the Guidelines on the Conduct of Negotiations for PPP Projects Pursuant to the Provisions of the PPP Code of the Philippines, is expected to help address such delays. "These guidelines aim to promote more structured, transparent, and time-bound negotiations, thereby reducing avoidable delays," it said. As of May 4, there were 252 projects worth P3.13 trillion in the PPP pipeline, consisting of 195 solicited projects and 57 unsolicited proposals.
<https://www.bworldonline.com/top-stories/2026/05/12/748882/ppp-center-says-commitments-intact-despite-cost-pressures/>
- ✓ **Fuel supply cover slips to 50.7 days as diesel drops – DOE.** The country's total fuel supply is projected to last 50.70 days as of May 8, down from 53.71 days a week earlier, the Department of Energy said. In a social media post Monday, Energy Secretary Sharon Garin said gasoline supply rose to 53.43 days from 52.64 days, while diesel supply fell to 48.85 days from 54.58 days. Kerosene supply slightly eased to 165.83 days from 166.67 days. Jet fuel inventory improved to 73.01 days from 71.14 days, while fuel oil declined to 56.79 days from 62.69 days. Liquefied petroleum gas also fell to 35.55 days from 40.46 days.
<https://malaya.com.ph/business/business-news/fuel-supply-cover-slips-to-50-7-days-as-diesel-drops-doe/>
- ✓ **Deutsche Bank flags dual inflation risks from 'super' El Niño, Middle East war.** The research arm of Frankfurt-based Deutsche Bank sees a "super" El Niño developing from this month until July, threatening to further accelerate the surge in Philippine consumer prices already aggravated by the Middle East war. Deutsche Bank Research hiked its inflation assumption for this year to 6.5 percent from just four percent previously. This higher projection exceeded that of the Bangko Sentral ng Pilipinas (BSP) at 6.3 percent, which, if achieved, would mark an 18-year high since the 8.2 percent recorded at the height of the global financial crisis (GFC) in 2008. The German bank also revised its 2027 inflation forecast to 4.2 percent from 3.2 percent earlier. This is modestly slower than the 4.3-percent pace projected by the BSP. These revisions came after the latest Philippine Statistics Authority (PSA) data showed headline inflation significantly jumped to 7.2 percent in April, the fastest year-on-year price increases in more than three years, breaching the government's four-percent ceiling. FitchSolutions subsidiary BMI holds a rosier inflation outlook for this year, anticipating the headline rate to average 4.3 percent. Still, this projection exceeds the BSP's two- to four-percent target range of manageable price hikes supportive of economic growth. BMI said the over three-year-high April inflation print, "alongside elevated oil prices from the Middle East conflict, can erode household purchasing power, weighing on domestic consumption."
<https://mb.com.ph/2026/05/11/deutsche-bank-flags-dual-inflation-risks-from-super-el-nino-middle-east-war>
- ✓ **Fitch unit sees PH household spending dipping slightly in 2026.** BMI, a unit of Fitch Solutions, said it sees Philippine household spending dipping slightly to 4.4 percent in 2026. Earlier this year, the think-tank said it sees real household spending to grow 4.5 percent. "With oil prices staying elevated for longer... this will further raise the Philippines' import bill and higher domestic pump prices," BMI said. "This then erodes household purchasing power, weighing on domestic consumption." BMI said it sees inflation averaging 4.3 percent in 2026. While noting that cash remittances to the Philippines grew to \$2.9 billion in February, BMI said there are risks to this income this year, "most of which are related to potential financial stress in several global markets, especially the US, which accounts for around 40 percent of total remittances." It said, however, that the weakening of the peso would increase the amount sent back by overseas workers in local currency terms.
<https://www.abs-cbn.com/news/business/2026/5/11/fitch-unit-sees-ph-household-spending-dipping-slightly-in-2026-1208>
- ✓ **EV auto loans surge as charging infra expands, fuel prices rise—BPI.** More Filipino consumers are opting to purchase electric vehicles, with loan applications for EVs more than doubling last year, the Bank of the Philippine Islands said on Monday. BPI said it saw its green auto loan portfolio surge in 2025, as soaring fuel costs and a growing charging network pushed Filipino motorists toward sustainable transport. The Philippines' shift toward greener mobility was reflected in a 219-percent explosion in electric vehicle (EV) financing over the full year. Hybrid vehicle financing also climbed by 136 percent, resulting in an overall 145-percent expansion of the bank's total e-vehicle portfolio. Industry analysts suggest the trend is being fueled by a "perfect storm" of high pump prices and an increasingly robust national infrastructure for battery-powered cars. To capitalize on the momentum, the bank is offering flexible payment terms of up to 60 months (five years) through its dedicated E-Vehicle Financing program. The Philippine government has recently stepped up efforts to decarbonize the transport sector, providing tax incentives for manufacturers and users of electrified vehicles to meet regional emissions targets. The bank's performance is seen as a bellwether for the broader Philippine automotive market, which has historically been dominated by traditional internal combustion engines but is now pivoting rapidly toward electrification.
<https://www.abs-cbn.com/news/business/2026/5/11/ev-auto-loans-surge-as-charging-infra-expands-fuel-prices-rise-bpi-2113>

- ✓ **Ayala raises \$100 million from first Singapore dollar-denominated sustainability-linked loan.** Zobel-led conglomerate Ayala Corp. has secured its first Singapore dollar-hedged loan through a \$100 million (or Singapore dollar equivalent) sustainability-linked facility with DBS Bank Ltd. In a statement on Monday, May 11, Ayala said the facility further diversifies its funding sources while reinforcing its commitment to sustainable finance and supporting its growing portfolio. "This transaction underscores strong market confidence in Ayala's credit profile and long-term growth trajectory, with proceeds from the facility to be used to support the continued development and expansion of Ayala's portfolio across its core sectors," the conglomerate said. The milestone facility, signed last May 6, marks another step in Ayala's efforts to broaden access to capital and enhance financial flexibility amid the continued growth of its sustainable portfolio. The transaction highlights the increasing adoption of sustainability-linked financial instruments in the Philippines and reinforces Ayala's position as a leader in sustainable and innovative corporate finance.
<https://mb.com.ph/2026/05/11/ayala-raises-100-million-from-first-singapore-dollar-denominated-sustainability-linked-loan>
- ✓ **IFC-supported private equity funds set sights on Philippine investments.** International Finance Corp. (IFC) has approved its planned investments in two private equity (PE) funds that are eyeing investments in the Philippines and the broader Southeast Asian region. In disclosures last May 7 and April 24, respectively, the World Bank Group's (WBG) private-sector lending arm said its board approved investments in Navegar Fund III LP (Navegar III) and KV Asia Capital Fund III LP (KV Asia III) last month. IFC's investment in Navegar III was approved last April 27, months after it first disclosed back in January its plan to invest as much as \$40 million in the fund, alongside a \$40-million co-investment envelope. The fund, which will be managed by Cayman Islands-based Navegar III GP Ltd., is a sector-agnostic growth equity vehicle targeting investments of between \$30 million and \$50 million in Philippine companies across sectors such as consumer, healthcare, logistics, and business services. Navegar III is targeting to raise \$250 million, which it would "invest primarily in Philippine companies, with the potential for up to 15 percent of the fund to be invested outside of the Philippines." The regional fund is expected to invest in firms operating across Southeast Asia, primarily targeting opportunities in the Philippines, Indonesia, Malaysia, and Vietnam.
<https://mb.com.ph/2026/05/11/ifc-supported-private-equity-funds-set-sights-on-philippine-investments>
- ✓ **Converge banks on BPO boom for subsea cable demand.** Tycoon Dennis Anthony Uy's Converge ICT Solutions Inc. is increasing investments in international subsea cable systems amid rising connectivity demands from the Philippine business process outsourcing (BPO) sector. Jack Madrid, IT and Business Process Association of the Philippines (IBPAP) president and CEO, said such digital infrastructure are critical as the industry shifts toward more technology-intensive services. It is part of the consortium behind the 5,000-kilometer SEA-H2X cable system, which connects the Philippines to other Asian markets. It is also participating in the 20,000-kilometer Bifrost Cable System, which will directly link Southeast Asia to North America. For its part, the Philippine IT-BPM sector remains one of the country's largest export industries, with export revenues rising 5 percent to more than \$40 billion in 2025. The industry also accounts for about 8 percent of the country's gross domestic product. For 2026, IBPAP expects the sector to generate \$42 billion in export revenues and employ 1.97 million Filipinos by yearend.
<https://business.inquirer.net/589821/converge-banks-on-bpo-boom-for-subsea-cable-demand>
- ✓ **Government accelerates EV transition.** The Philippines has reached an inflection point in its transition to electric mobility, as it unveiled FMC ELEKTRON® of Francisco Motors®, a fully integrated electric vehicle platform designed for large-scale deployment—paired with a clear recommendation for a minimum 10,000-unit government fleet rollout to catalyze nationwide adoption. The position of the company marks a shift in the national conversation—from long-term planning and policy development toward practical, near-term execution at scale. "The Philippines has already done the groundwork—policy direction, modernization programs, and market awareness," said Elmer Bautista Francisco, Chairman of Francisco Motors. "What drives the next phase is not discussion. It is deployment." FMC ELEKTRON® is built on a globally deployed and real-world proven EV platform currently running in streets of 10 countries and has been localized for Philippine conditions, supported by a digital-first distribution system, a nationwide operational network, and renewable energy-powered infrastructure hubs. According to Francisco Motors®, the next phase of EV adoption in the Philippines depends on immediate, visible, and measurable deployment at scale, particularly within government fleets. The company identified a baseline deployment of at least 10,000 units across national and local government agencies as a practical and high-impact starting point. Francisco Motors emphasized that while incentives and regulatory support remain valuable, procurement itself is the most direct and measurable form of government support. Francisco Motors added that early, decisive action would position the country as a reference model for scalable, locally led EV adoption across Southeast Asia and emerging markets.
<https://www.abs-cbn.com/news/business/2026/5/11/government-accelerates-ev-transition-1423>
- ✓ **OceanaGold boosts BSP gold reserves amid global uncertainty.** Mining firm OceanaGold (Philippines) Inc. (OGP) increased its contribution to the country's gold reserves last year by surpassing the 25-percent minimum requirement under its gold-buying agreement with the Bangko Sentral ng Pilipinas (BSP) by six percentage points (ppts). OGP said in a statement that it sold 31 percent, or around 6,684 ounces, of its annual gold doré production to the BSP in 2025. OGP President Joan Adaci-Cattiling said this reinforces the company's commitment to strengthening the country's reserve buffer and economic resilience amid ongoing global uncertainty. "As the government's partner in responsible resource development, we hope to continue to contribute to strengthening the country's financial position and maximize the value of precious metals," she said. Under its present gold-buying agreement, OGP will offer at least 25 percent of its annual gold doré output to the BSP from March 2025 to March 2028. At a time of market volatility driven by the ongoing war in the Middle East, gold serves as a safe-haven hedge against inflation and currency fluctuations, helping safeguard domestic purchasing power. For the year, OGP expects to once again meet or exceed its obligations under its gold-buying agreement with the BSP. The company, however, is already taking proactive measures to prevent potential disruptions to its operations due to the Middle East crisis, especially its impact on fuel and other goods.
<https://mb.com.ph/2026/05/11/oceanagold-boosts-bsp-gold-reserves-amid-global-uncertainty>
- ✓ **Robinsons Land's profit rises in Q1 as diversified portfolio boosts resilience.** Robinsons Land Corp. (RLC), the Gokongwei Group's property development arm, is confident of its resilience amid economic headwinds and reported that its first-quarter performance keeps it on track with its ₱25-billion profit target by 2030. RLC remains on track to achieve its long-term growth targets under the Vision 5:25:50 framework, which also includes the 50-percent expansion of its malls' gross leasable area (GLA) and office space, while growing its hotel room keys by 25 percent and doubling logistics capacity by 2030. "The company's diversified asset base and fiscal prudence provide a stable foundation for expansion, with each business segment advancing according to planned execution milestones. By maintaining a disciplined operational strategy, RLC continues to deliver on its corporate commitments and drive consistent value creation for its shareholders," it said. The firm reported that its net income rose nine percent to ₱4.4 billion in the first quarter of 2026 as consolidated revenues grew 11 percent to ₱12.28 billion, driven by the strength of its diversified portfolio and improved contributions from its development businesses.
<https://mb.com.ph/2026/05/11/robinsons-lands-profit-rises-in-q1-as-diversified-portfolio-boosts-resilience>
- ✓ **Philippine data center boom attracts \$170-million IFC investment.** International Finance Corp. (IFC) is preparing a fresh investment in the Philippines' growing digital infrastructure sector, backing a local company planning to expand data center capacity outside Metro Manila. Manila Bulletin reported earlier that the World Bank Group's (WBG) private-sector lending arm disclosed last May 8 that it is considering

financing for YCO Global Cloud Centers Holdings Inc. to support the company's data center development pipeline in the country. A subsequent May 10 disclosure showed that the planned investment package of up to \$170 million comprises a quasi-equity investment of up to \$20 million in YCO Global and long-term senior loans of up to \$150 million for the company's data center projects over the next five years. IFC said board approval for the proposed financing is expected on June 10, 2026. According to IFC, YCO Global plans to develop two data centers in Malvar town, Batangas province, with a combined capacity of 50 megawatts (MW), as well as another facility in Bataan province. IFC said the total project cost is estimated at \$1.054 billion. The new disclosure also showed that YCO Global is majority owned by the Ynchausti family, which holds an 82-percent stake in the company. IFC described the Ynchaustis as a prominent Philippine business family with established interests in energy and real estate. Meanwhile, Sy-led conglomerate SM Investments Corp. (SMIC) is a minority stakeholder. According to IFC, the proposed investment is expected to expand access to data hosting services for businesses, support the growth of digital services, and improve productivity. It added that the investment could also improve competition in the Philippine data-hosting market and help reduce supply gaps. YCO Cloud said it is committed to creating jobs across digital infrastructure and related sectors, supporting technology start-ups, expanding affordable internet access, and equipping Filipinos with artificial intelligence (AI) and digital engineering skills.

<https://mb.com.ph/2026/05/11/philippine-data-center-boom-attracts-170-million-ifc-investment>

- ✓ **Philippine developers turn defensive as Middle East crisis threatens residential and retail market.** Some of Metro Manila's property giants have turned defensive as higher construction costs, rising interest rates and weakening purchasing power from the Middle East crisis dampen an already unstable market. Key residential and retail segments in the Philippines' capital area have struggled to shake off a post-pandemic slump, as the industry grapples with weak demand and soaring oversupply amid the country's escalating economic woes. Residential condominium sales in the country's largest and most populated metropolitan area are already on pace to reach record low take-up rates in the first quarter of 2026, according to data from Colliers Philippines. But there might be worse to come for the sector, with analysts suggesting that the lagged impact of the crisis might show its hand fully only in the second quarter. Public markets suggest waning investor confidence in the sector – both Ayala Land and SM Prime are trading at their lowest share prices in more than a decade, while their peers Robinsons Land and Megaworld have also experienced significant declines since the beginning of the crisis. Brent Respicio, research analyst at Colliers Philippines, told *The Business Times* that property development in the country's capital could face several potential setbacks in the year ahead, particularly for residential and retail properties. "We don't have any major demand driver right now," Respicio acknowledged. "We have yet to see the full impact of the conflict, but the property market is volatile and hard to predict," he added. "It also depends on the strategy the developers take," he said. Colliers Philippines projected that such a recovery may be delayed as far as Q1 2027, as retail businesses struggle with higher shipping costs, dwindling footfall and waning consumer discretionary spending as inflation persists. <https://www.businesstimes.com.sg/international/asean/philippine-developers-turn-defensive-middle-east-crisis-threatens-residential-and-retail-market>



- ✓ **South Korea's Kospi hits fresh record as Asia markets trade mixed amid oil surge, Iran risks.** South Korea's Kospi opened at a fresh record Monday, leading gains in Asia-Pacific markets amid rising oil prices and escalating tensions between the U.S. and Iran. Trump's rejection of Tehran's latest proposal to end the war, however, stoked worries over an elongated Middle East conflict. South Korea's Kospi gained 4.70% after opening to a fresh record, while the small-cap Kosdaq was 0.30% lower. Japan's Nikkei 225 was in choppy trade and was marginally lower, while the Topix gained 0.19%. Australia's S&P/ASX 200 was 0.83% lower. China's CSI 300 added 0.58%, while Hong Kong's Hang Seng index declined 0.48%. Investors were also assessing data showing that China's consumer and producer inflation rose more than expected in April, driven by higher commodity costs linked to the Middle East conflict. <https://www.cnn.com/2026/05/11/asia-markets-today-live-updates-nikkei-kospi-hang-seng-sensex-csi-300-iran-hormuz.html>
- ✓ **European shares muted as markets weigh US-Iran deadlock.** European shares ended on Monday's (May 11) session flat, constrained by a drop in luxury stocks, while stalled US-Iran peace negotiations drove oil prices higher and also kept investors cautious. The pan-European Stoxx 600 closed little changed at 612.79 points. Regional indexes moved in different directions, with Italian stocks edging 0.8 per cent higher, while France's CAC 40 slipped 0.7 per cent. Berenberg analysts said that the conflict in the Middle East masked the reality that underlying demand globally was still weak, making the sector's outlook fragile. Martin Kocher, a governing council member of the European Central Bank, warned that the ECB would need to adjust interest rates soon if the inflationary outlook did not significantly improve. Money markets expect two or more rate hikes from the ECB this year, with the first one expected as early as June. <https://www.businesstimes.com.sg/companies-markets/capital-markets-currencies/european-shares-muted-markets-weigh-us-iran-deadlock>
- ✓ **S&P and Nasdaq Hit New Records.** US stocks rose on Monday, rebounding from a subdued start to the session, as the S&P 500 added 0.2% and the Nasdaq gained 0.1% to reach fresh record highs, supported by a strong rally in chipmakers amid continued optimism over AI-driven demand. The Dow Jones also advanced 95 points. Energy, materials and industrial stocks also posted solid gains. The market's advance came despite another increase in oil prices after Trump rejected Iran's response to his proposal, warning that the ceasefire was on "life support". Investors were also turning their attention to an expected summit later this week between Trump and Chinese President Xi Jinping. <https://tradingeconomics.com/united-states/stock-market/news/549731>
- ✓ **Oil climbs as Netanyahu and Trump remarks stoke worries over rising Middle East tensions.** Oil prices jumped Monday after Israeli Prime Minister Benjamin Netanyahu warned that the conflict with Iran was "not over," raising fears that tensions in the Middle East could escalate again and further threatening energy supplies. Trump, meanwhile, rejected Iran's counteroffer to end the war with the U.S. and Israel. U.S. West Texas Intermediate futures with June delivery advanced 3.08% to \$95.42 per barrel, while the international benchmark Brent crude futures with July delivery rose 3.16% to \$104.49 per barrel. Citi analysts wrote in their latest oil report that prices could rise

further if Iran and U.S. do not agree a deal, adding that crude markets have been cushioned by high inventories, strategic petroleum reserve releases, weaker demand in developing economies and intermittent signs of possible de-escalation in the Middle East.

<https://www.cnbc.com/2026/05/11/oil-price-today-brent-wti-iran-war-trump.html>

- ✓ **Gold Edges Higher Despite Inflation Worries.** Gold climbed above \$4,750 an ounce on Tuesday, approaching three-week highs even as heightened uncertainty in the Middle East and the prolonged shutdown of the Strait of Hormuz pushed oil prices higher and kept inflationary risk in focus. Bullion also drew support from a weaker dollar, which surrendered gains made earlier in the week. Trump said the US-Iran ceasefire was on “massive life support” after rejecting Tehran’s latest peace proposal, intensifying fears that the critical shipping route could remain effectively blocked for a prolonged period. Reports further suggested that President Trump is expected to meet with his national security team to consider a potential restart of military operations, while also revisiting plans to escort commercial ships through Hormuz. At the same time, investors awaited the latest US consumer inflation data for clues on how the Iran conflict has affected price pressures.
<https://tradingeconomics.com/commodity/gold/news/549761>
- ✓ **China reflation momentum strengthens in April, likely keeping the PBOC on hold.** China’s CPI inflation rose to 1.2% year-on-year in April, up from 1.0% in March, bucking market forecasts for a slight drop on the month. Through the first four months of the year, CPI inflation is now up 0.9% YoY. China’s gasoline prices have risen by less than crude oil prices since the start of the Iran War, suggesting that there’s still likely upside ahead for this subcategory if oil prices stay elevated. However, the reflation story is not just about energy. Core inflation rose 1.2% YoY in April, in line with the headline inflation rate. PPI inflation also surprised on the upside in April, rising to 2.8% YoY, up from 0.5% in March. This marks the ninth consecutive month in which PPI inflation has picked up YoY, and the second straight month of positive PPI inflation. Unsurprisingly, the PPI inflation subcategories showed a strong impact of higher energy prices. Assuming we do not see a timely fall in energy prices, these higher input costs for producers will likely feed through the broader economy in the coming months, fuelling the reflation narrative but also beginning to drag on growth. We saw in the weekend data that China’s trade growth beat expectations again in April, with both exports and imports surpassing market forecasts. External demand has been one of the primary drivers of growth in China over the past several years. This trend appears to be continuing this year, with the next few months expected to benefit from a rebound in exports to the US. Domestic activity generally looks quite soft by comparison. But even with consumption and investment lagging, China still managed 5.0% YoY growth in the first quarter. This start to the year, combined with the recent reflation momentum, will likely keep the People’s Bank of China on pause for now. Unlike many central banks globally, China’s next move remains more likely to be a cut than a hike. It looks increasingly likely that such a move won’t happen until at least the second half of the year, barring a significantly sharper-than-expected deterioration in activity data ahead.
<https://think.ing.com/snaps/china-reflation-momentum-strengthens-in-april-likely-keeping-the-pboc-on-hold/>
- ✓ **BoJ Signals Openness to Further Rate Hikes.** Policymakers at the Bank of Japan stayed cautious about the uncertain Middle East situation at their April meeting, though several members still saw scope for near-term interest rate hikes. One official said there was “no need to take hasty action,” but argued the central bank should raise rates soon unless there are clear signs of an economic slowdown. Another member said “it is quite possible” the board could hike rates from the next meeting onward, even if uncertainty surrounding the Gulf conflict persists, while a third warned the central bank may need to accelerate tightening “without hesitation” if upside inflation risks intensify. Some members stressed that while downside risks to growth and upside risks to prices could both rise, policy should focus on preventing inflation from overshooting and hurting the economy later on. At the April 27–28 meeting, the BoJ kept its policy rate unchanged at 0.75% but raised inflation forecasts due to soaring oil prices linked to the Iran war.
<https://tradingeconomics.com/japan/interest-rate/news/549785>
- ✓ **Departing Bank of Korea board member says policy should focus on inflation control.** “If there is a possibility of it deviating from our target of 2 per cent, especially towards the upward direction, it is appropriate to focus on inflation, even if there is a significant trade-off between growth and inflation,” Shin Sung-hwan said at a press conference a day before his term on the seven-member monetary policy board ends on Tuesday. Shin has been considered a policy dove, and he had dissented from the majority to argue for a cut in interest rates at several meetings since the Bank of Korea last cut rates in May 2025. On Monday, he said the surge in oil prices sparked by the war has made it extremely difficult to discuss rate cuts, and the primary policy focus should be on controlling inflation even if it caused difficulties for some sectors. “If oil prices stay high at around \$100 per barrel, it is extremely important to minimise their spillover effects, even if it causes a significant pain to the economy, and that is the Bank of Korea’s mandate.”
<https://www.channelnewsasia.com/business/departing-bank-korea-board-member-says-policy-should-focus-inflation-control-6113091>
- ✓ **Indonesia central bank bills outstanding rise most in two years.** The total amount of Indonesian central bank bills outstanding climbed by the most in almost two years last month as the monetary authority sought to attract capital inflows to support the weakening rupiah. Bank Indonesia’s (BI) outstanding rupiah bills, known as SRBI, increased by 126.7 trillion rupiah (\$9.3 billion) in April, the most since July 2024, to a total of 957.91 trillion rupiah, according to central bank data released on May 9. BI has been ramping up bill sales to support the rupiah, which has weakened more than 4 per cent this year and touched a succession of record lows. Central bank governor Perry Warjiyo has vowed to keep issuing SRBIs with higher yields and intensify both offshore and onshore intervention to bolster the currency. The rupiah slipped as much as 0.3 per cent to 17,420 per US dollar on Monday, approaching its latest record low of 17,443 set last week. Indonesia will hold off plans to establish a bond stabilisation fund for now, Finance Minister Purbaya Yudhi Sadewa said on Monday (May 11). The fund was intended to help reduce outflow pressure on the debt market and support the rupiah.
<https://www.businesstimes.com.sg/companies-markets/banking-finance/indonesia-central-bank-bills-outstanding-rise-most-two-years>
- ✓ **Euro Little-Changed on US-Iran Tensions, ECB Hike Bets.** The euro remained above \$1.175, close to its highest level in three weeks, as investors considered the impact of rising tensions between the US and Iran alongside growing expectations of additional ECB rate hikes. Brent crude surpassed \$105 per barrel following President Trump’s rejection of Iran’s latest peace proposal as “totally unacceptable.” The future of the Strait of Hormuz is still uncertain, after reports suggested Iran had proposed diluting some of its enriched uranium and sending the remainder to a third country, a claim Iran denied. Money markets are now anticipating at least two ECB rate increases this year, with a probability exceeding 78% for the first hike in June. ECB President Christine Lagarde reiterated on Friday that the central bank is prepared to take swift action if necessary, emphasizing that the euro area’s economic position is stronger now than it was before Russia’s invasion of Ukraine.
<https://tradingeconomics.com/euro-area/currency/news/549294>

- ✓ **Euro dominates extra-EU trade in primary goods.** In 2025, the euro was the most used currency for extra-EU imports of primary goods, excluding petroleum, representing a 47.4% share. It was closely followed by the US dollar at 45.0%. Currencies of EU countries other than the euro stood at 1.7%, and other currencies at 5.3%. However, the US dollar stood out as the main currency used for imports of petroleum products with a share of 86.7% in 2025, far ahead of the euro (12.9%), while other EU currencies and non-EU currencies only accounted for 0.2% and 0.1%, respectively. In manufactured goods, the US dollar was also the main currency (46.2%), just ahead of the euro (43.3%) with other EU currencies at 1.7% and non-EU currencies at 8.5%. With 62.2%, the euro was also the most used currency for extra-EU exports in primary goods, ahead of the US dollar with 22.9%, other EU currencies (2.5%) and non-EU currencies (12.1%). Regarding petroleum products, the US dollar (70.1%) was also the most used currency for exports, although somewhat less dominant than in imports, while the euro had a share of a little more than a quarter (27.5%). In manufactured goods, the share of the euro was 50.4%, while the US dollar had 32.4%, other EU currencies 1.8% and non-EU currencies 15.2%.
<https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20260511-1>

- ✓ **BOA and Goldman push back Fed rate-cut expectations on inflation risks, jobs data.** Bank of America (BOA) Global Research and Goldman Sachs are the latest brokerages to revise their US Federal Reserve rate calls to later dates, citing elevated inflation due to high energy prices and growing strength in the labour market. BOA Global Research now expects the Fed to remain on hold for the rest of 2026, with two 25 basis point cuts in July and September 2027. Goldman Sachs forecasts cuts in December 2026 and March 2027, against its earlier forecast of a first rate cut in September 2026. A host of global brokerages have recast their projections for US rate cuts in 2026, split between some easing and no cuts at all, as the 10-week-old Middle East war has pushed energy prices higher and left policymakers cautious about inflation risks. Traders expect the central bank to hold interest rates steady in the 3.5 to 3.75 per cent range until the end of the year. "We think (incoming Fed chair) Warsh will push for lower rates, but the data flow precludes cuts for now," analysts at BOA said in a note dated May 8. "However, cuts should be in play by next summer, with inflation much closer to target."
<https://www.businesstimes.com.sg/international/boa-and-goldman-push-back-fed-rate-cut-expectations-inflation-risks-jobs-data>

- ✓ **Alphabet considers first yen bond sale to fund AI goals.** Alphabet plans to sell Japanese yen-denominated bonds for the first time, it disclosed in a filing on Monday, as technology giants tap debt markets to fund artificial intelligence infrastructure deployments. The Google parent did not disclose the size of the offering. The issuance is expected to total several hundred billion yen, said a source with direct knowledge of the deal, adding that the terms are expected to be decided this month. Alphabet has mandated Mizuho, Bank of America and Morgan Stanley to work on the transaction. The world's largest technology companies are tapping debt markets to fund costly artificial intelligence ambitions, in a shift from Silicon Valley's traditional reliance on cash for investments. Big Tech is expected to spend more than \$700 billion on AI infrastructure this year, a sharp increase from \$410 billion in 2025. Alphabet's yen bond sale would be its first issuance in the Japanese currency, according to LSEG data. It had last week raised almost \$17 billion through two bond sales - a 9 billion euro (\$10.6 billion) issue and a C\$8.5 billion (\$6.2 billion) issue, according to the company's filings. In late April, it raised its annual capital spending forecast by \$5 billion to between \$180 billion and \$190 billion, and said it was planning another significant increase in 2027.
<https://www.channelnewsasia.com/business/alphabet-considers-first-yen-bond-sale-fund-ai-goals-6113601>

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Creating a culture of integrity and accountability not only improves effectiveness, but it also generates a respectful, enjoyable, and life-giving setting in which to work.

Tom Hanson and Birgit Zaecher Hanson,
authors of "Who Will Do What by When?"



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