



BAIPHIL MARKET WATCH

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

29 May
2026

Legend

- Improvement / Up
- Deterioration / Down
- No Movement

FINANCIAL MARKETS AT A GLANCE



Currency Exchange ¹	Current	Previous
USD/PHP	61.5950	61.5600
USD/JPY	159.4300	159.5100
USD/CNY	6.7799	6.7791
EUR/USD	1.1615	1.1625
GBP/USD	1.3401	1.3427

PHP BVAL Reference Rates ²	Current	Previous
30-Day	4.6169	4.7376
91-Day	5.0094	5.0490
180-Day	5.4303	5.4286
1-Year	6.0810	6.0584
3-Year	7.1214	7.1669
5-Year	7.3751	7.4492
10-Year	7.5356	7.6214

Domestic Stock Index ³	Current	Previous
PSEi	5,859.94	5,963.24
Trade Value (Php B)	5.645	5.054

Stock Index ⁴	Current	Previous
NIKKEI 225	64,693.12	64,999.41
FTSE 100	10,425.96	10,505.01
DOW JONES	50,668.97	50,644.28
S&P 500	7,563.63	7,520.36
NASDAQ	26,917.47	26,674.73

Various ^{5/6}	Current	Previous
Brent Crude (USD/bbl)	97.01	94.29
3-M US Treasury Yield	3.69%	3.68%
5-Y US Treasury Yield	4.15%	4.17%
10-Y US Treasury Yield	4.45%	4.48%



PHILIPPINES



- ✓ **PSEi tumbles on fading hopes for US-Iran peace deal.** Local stocks extended losses on Thursday as investors grew cautious over the escalating US-Iran conflict, dampening hopes for a peace deal and driving oil prices higher. The benchmark Philippine Stock Exchange Index (PSEi) slid 1.73 percent or 103.30 points, to close at 5,859.94. Brokerage Philstocks Financial Inc. said sentiment weakened after the latest exchange of military force between the US and Iran raised concerns over prolonged geopolitical instability and its impact on global energy markets. Foreign investors also continued to pull funds out of local equities, ending the session with net outflows of P517.08 million.
<https://business.inquirer.net/592593/psei-tumbles-on-fading-hopes-for-us-iran-peace-deal>
- ✓ **Yields on term deposits mostly steady as demand stays strong.** The Bangko Sentral ng Pilipinas' (BSP) term deposits fetched a nearly flat average rate on Thursday as the offer continued to draw strong investor demand amid still high liquidity and despite expectations of further monetary policy tightening. The term deposit facility (TDF) fetched P141.071 billion in tenders for the six-day papers, higher than the P90 billion auctioned off and the P138.544 billion in bids for the same volume of seven-day deposits offered on Wednesday last week. The bid-to-cover ratio climbed to 1.5675 times from the 1.5394 ratio logged a week ago. With this, the BSP made a full award of its P90-billion offering as the average yield fetched for the offer was "broadly stable," it said in a statement. Accepted yields for the one-week deposits were from 4% to 4.477%, slightly narrower than the 4% to 4.482% band seen in the previous auction. This brought the average accepted rate of the six-day papers down 0.02 basis point (bp) to 4.443% from 4.4432%. Mr. Ricafort said excess peso liquidity in the local financial system likely led to the oversubscription of the offer, with the recent decline in oil prices also easing inflation concerns slightly. The result also came even as the market is pricing in a potential second straight policy rate increase before the Monetary Board's June 18 meeting, he noted.
<https://www.bworldonline.com/banking-finance/2026/05/29/752915/yields-on-term-deposits-mostly-steady-as-demand-stays-strong/>
- ✓ **Peso slips as markets weigh ME developments.** The peso dropped against the dollar on Thursday after oil prices rose anew as tensions flared between the United States and Iran. The currency slipped by 3.5 centavos to close at P61.595 versus the greenback from P61.56 on Tuesday, according to Bankers Association of the Philippines data posted on its website. "The dollar-peso closed a tad higher, but moved mostly sideways amid conflicting developments in the US-Iran peace talks," a trader said by phone, noting that the mixed signals led to lower trading volume.
<https://www.bworldonline.com/banking-finance/2026/05/29/752913/peso-slips-as-markets-weigh-me-developments/>
- ✓ **Long-term inflation expectations remain 'anchored' despite shocks.** Long-term expectations remain anchored despite persistent price pressures driven by oil shocks stemming from the Middle East war, a study by the Bangko Sentral ng Pilipinas (BSP) Research Academy showed. According to a discussion paper penned by BSP researchers, long-run inflation expectations are "relatively stable," hovering between 3.5% and 4.5% or around the upper bound of the central bank's target. "Although long-run expectations fell at the start of the sample, they have

consistently stayed near the upper end of the BSP's current inflation target of 2%-4%," BSP researchers Joan Christine S. Allon-Pineda, Carl Francis F. Maliwat and Cymon Kayle Lubangco said in the report. "In general, the stable contribution of long-run expectations to predicted inflation suggests that in the long-term forecasting horizon, inflation expectations are relatively anchored," they added. "Overall, the BSP's policy actions do not appear to be mechanical reactions to inflation alone, but rather responses to persistent or broad-based inflationary pressures, largely consistent with the standard principles of optimal monetary policy," the researchers said. The study sought to analyze underlying inflation and monetary policy dynamics using the Hemisphere Neural Network (HNN) model through two frameworks. Supply-driven inflationary pressures stemming from the Middle East war continue to challenge central banks' monetary policy frameworks, the BSP researchers noted. According to the researchers, inflation expectations captured through the HNN model reflected factors such as real activity, inflation expectations, oil commodity prices, nonfuel commodity prices, credit conditions, central bank balance sheet and international conditions. The study also found that estimates were accurate relative to the BSP's business and consumer expectations survey as well as the survey of private sector forecasts. This means the same expectations may be used to show the short- to medium-term of businesses and external forecasters when existing survey data prove limited, the researchers said. The BSP's latest expectations survey for March showed businesses expect inflation to average 3.3% in the next 12 months, while households see inflation settling at 2.7% in the year-ahead.

<https://www.bworldonline.com/top-stories/2026/05/29/752943/long-term-inflation-expectations-remain-anchored-despite-shocks/>

- ✓ **Tourism's share to PH economy shrank to 8.1% in 2025 — PSA.** Tourism's share to the Philippine economy, as measured by gross domestic product (GDP), contracted in 2025 as weaker spending by foreign visitors dragged the sector despite higher domestic travel expenditures and stronger tourism-related employment. Data released by the Philippine Statistics Authority (PSA) showed that the Tourism Direct Gross Value Added (TDGVA) to GDP stood at 8.1% last year, lower than the tourism sector's 8.7% share to economy in 2024. The TDGVA refers to the part of gross value added generated by all industries of the economy that directly provide goods and services to visitors. In peso terms, the TDGVA amounted to P2.27 trillion in 2025, down 1.4% from P2.30 trillion year-on-year. The share of employment in all tourism industries to the total employment in the country stood at 15.7% in 2025, the PSA said.
<https://www.gmanetwork.com/news/money/economy/989311/tourism-s-share-to-ph-economy-shrank-to-8-1-in-2025-psa/story/>
- ✓ **BSP, IC weigh parametric insurance boost to unlock climate loans.** The central bank and insurance regulators are pushing for the bundling of parametric insurance with traditional credit lines, aiming to unlock vital financing for sectors most exposed to worsening climate risks. By tying automated weather-indexed payouts directly to bank loans, regulators hope to create a financial buffer that protects both borrowers and lenders from the immediate aftermath of severe weather events. Unlike traditional insurance, which requires lengthy claims assessments based on actual physical or financial damage, parametric insurance triggers guaranteed payouts the moment a specific, measurable threshold—such as wind speed or rainfall volume—is breached. "When bundled with credit, it can serve as a credit-enhancing tool that supports continued financing in climate-vulnerable areas while strengthening financial institutions' risk management practices," the Bangko Sentral ng Pilipinas said in a statement on Thursday, May 28. Insurance Commissioner Reynaldo A. Regalado likened this collaborative bundling approach to a traditional Filipino value. "Parametric insurance and credit bundling are, at their best, bayanihan in financial form," Regalado said. "A bank, an insurer, a cooperative, and a borrower all share a risk that none of them could carry alone." The event, which brought together over 400 participants, including bankers, insurers, and development partners, explored global best practices, product design, credit integration, and distribution channels. This initiative forms part of the central bank's broader sustainability agenda, which aims to strengthen financial resilience across the country while promoting innovative and inclusive financial solutions for sectors most at risk from climate change.
<https://mb.com.ph/2026/05/28/bsp-ic-weigh-parametric-insurance-boost-to-unlock-climate-loans>
- ✓ **Japanese businesses commit \$3.4-B worth of investment in PH during Marcos roundtable.** Japanese businesses committed USD 3.4 billion worth of investments in the Philippines during a high-level roundtable meeting as part of President Ferdinand Marcos' state visit. On Wednesday, Marcos met with top Japanese conglomerates and financial institutions, where he highlighted the importance of a robust Philippine-Japan economic corridor. The Department of Trade and Industry and the Department of Tourism co-led the roundtable. "In this sense, trade and tourism are not supporting sectors. They are core drivers of economic expansion in the Philippines moving forward. This is a philosophy our two countries understand deeply," Marcos noted. Trade Secretary Maria Cristina Roque emphasized the country's readiness to absorb high-tech manufacturing and green investments to secure regional supply chains. Meanwhile, Tourism Secretary Dita Angara-Mathay highlighted the opportunities in the Philippines' travel and hospitality sectors. The President also acknowledged the foundational contributions of several Japanese firms operating in the Philippines, including All Nippon Airways, Toyota, Mitsubishi Corporation, Marubeni, Panasonic, and Fast Retailing.
<https://www.abs-cbn.com/news/business/2026/5/28/japanese-businesses-commit-3-4-b-investment-during-marcos-roundtable-0825>
- ✓ **Deals on intelligent cities, 'smart life' systems signed during Marcos state visit.** Three memoranda of understanding (MOUs) between Japanese and Philippine firms aimed at advancing smart cities and digital connectivity have been signed during President Ferdinand Marcos' first State Visit to Japan. Marcos and Trade Secretary Cristina Roque witnessed the signing of MOUs between Ayala Corporation and several Japanese firms. The first MOU between Ayala Corporation, Globe Telecom, Mitsubishi, and KDDI Corp. will study "intelligent city" initiatives in Makati City, with possible expansion to other Philippine urban areas. Meanwhile, Ayala Corporation, Mynt, and Mitsubishi also signed an agreement to develop "smart life" digital services that could make daily transactions more convenient. This will cover rewards programs, ticketing services, online payment platforms, and digital marketing solutions. The collaboration is expected to generate around P7 billion in revenues. The third MOU was signed between Ayala Corporation, Mitsubishi UFJ Financial Group (MUFG), Mitsubishi, and Mynt to help expand GCash services in the Philippines and abroad. The partnership will develop better digital payment systems, lending services, investment products, and stronger online security, while integrating GCash into Ayala and Mitsubishi's business ecosystems across retail, real estate, energy, mobility, and digital services. Trade Secretary Roque said the partnerships reflect strong investor confidence in the Philippines and highlight the country's readiness to advance digital innovation, smart infrastructure, and financial technology.
<https://www.abs-cbn.com/news/business/2026/5/28/deals-on-intelligent-cities-smart-life-systems-signed-during-marcos-state-visit-1234>
- ✓ **Strong El Niño may slash Philippine rice output by 700,000 MT.** The Philippines stands to lose as much as 700,000 metric tons (MT) in rice output this year under a scenario in which a strong El Niño phenomenon wreaks havoc on local production, according to the Department of Agriculture (DA). The DA noted that the expected loss in rice production is equivalent to around 3.5 percent of this year's annual production target of 19.87 million MT, which is already lower than its initial target of 20.3 million MT. If this projection holds, it would mean that this year's rice production would decline by 2.6 percent from last year's total output of 19.87 million MT, signaling "serious risks for the nation's food security," the DA said. The agency attributed the potential decline in rice production to the likelihood of a prolonged dry spell in the second half of the year due to an extreme El Niño. Citing data from the country's weather bureau, the Philippine Atmospheric, Geophysical, and Astronomical Services Administration (PAGASA), the DA said there is a 92-percent probability of a moderate to strong El Niño in the

fourth quarter of the year that may extend into early 2027. To counter the potential impact, Agriculture Secretary Francisco Tiu Laurel Jr. has reconvened the DA's El Niño task force to prepare the sector for the adverse weather phenomenon. So far, the DA has already rolled out proactive measures such as cloud seeding, deployment of solar-powered irrigation systems, and crop diversification programs to equip farmers with the capacity to respond to the impending threat. According to the DA, these efforts are critical to protect not only rice production but also the entire agricultural sector, especially since the recent El Niño in 2024 inflicted a record ₱57.78 billion in agricultural losses. "Without timely intervention, reduced farm output could trigger higher food prices, supply chain disruptions, and added pressure on low-income households," the agency said. The latest Philippine Statistics Authority (PSA) data showed that rice production from January to March declined by six percent to 4.4 million MT from 4.7 million MT a year ago, driven largely by the impact of typhoons in the latter part of 2025.

<https://mb.com.ph/2026/05/28/strong-el-nino-may-slash-philippine-rice-output-by-700000-mt>

- ✓ **UP economist says PH may be sliding into stagflation.** The Philippines may already be drifting into stagflation territory as economic growth slows sharply while inflation remains stubbornly high, an economist warned. UP School of Economics professor JC Punongbayan told ANC's Market Edge that the country is facing a dangerous combination of stagnant growth and elevated prices. This economic squeeze leaves the Bangko Sentral ng Pilipinas (BSP) caught in a structural policy trap. "The BSP is really caught in a bind... they need to manage inflation and inflation expectations, but they also need to prop up growth," Punongbayan said. The economist emphasized that the Philippines is currently lagging behind its regional peers, citing stronger first-quarter growth rates in Vietnam (7.8 percent), Singapore (6 percent), and Indonesia (5.6 percent). He argued this divergence signals internal structural weaknesses rather than just external shocks. To reverse the trend, Punongbayan urged policymakers to restore credibility in anti-corruption efforts to unlock investment, fix infrastructure spending bottlenecks, protect household consumption, and aggressively reduce the country's oil dependency. "Our overdependence on fossil fuels... has really made us rather vulnerable," he said.
<https://www.abs-cbn.com/news/business/2026/5/28/up-economist-says-ph-may-be-sliding-into-stagflation-1509>
- ✓ **PH may implement up to 5 rate hikes due to inflation risks.** The Philippines may need to impose as many as five interest rate hikes this year to tame inflation pressures worsened by rising global oil prices and a weakening peso, according to a top executive of BDO Unibank Inc. Speaking during the Cebu Economic Briefing of the Sy-led bank, Ritz Ocampo, its Chief Investment Officer, warned that prolonged geopolitical tensions in the Middle East could further slow the Philippine economy while driving up inflation, fuel prices, and borrowing costs. "The longer the conflict, and we are now on its third month, the more painful for the Philippines," Ocampo said. The Bangko Sentral ng Pilipinas (BSP) may raise policy rates four to five times this year, he said, pushing benchmark rates from 4.5 percent to as high as 5.25 percent to 5.5 percent, as authorities attempt to contain inflation. The warning comes as inflationary pressures continue to build due to surging global oil prices. Ocampo cited sharp increases in diesel and gasoline prices, saying diesel prices had risen by as much as 150 percent, while gasoline prices reached around P100 per liter. Likewise, the Philippines remains highly vulnerable because it relies heavily on imported oil, fuel, fertilizers, and agricultural inputs. Economic growth has already started slowing, he added, citing actual GDP figures rather than forecasts. Ocampo said the second quarter would likely be weaker as the Middle East conflict continued to affect April, May, and June economic activity. BDO has since downgraded its economic growth forecast for the Philippines to between 3 percent and 3.7 percent from its earlier projection of 4.5 percent.
<https://cebudailynews.inquirer.net/732140/ph-may-implement-up-to-5-rate-hikes-due-to-inflation-risks>
- ✓ **European business group in PH names first female president.** The European Chamber of Commerce in the Philippines (ECCP) has named Dr. Diana Edralin as its first female president. Edralin is currently the general manager of Roche Philippines, the local arm of the Swiss healthcare giant and the world's biggest biotech firm. She takes over from Paulo Duarte, managing director of Bosch Philippines. Aside from Edralin, the ECCP also elected two new board members: Ruben Camba, managing director of Southeast Asia at Spanish infrastructure firm ACCIONA; and Liher Urbizu, President and Managing Director at SAP Southeast Asia. The ECCP said it will continue to work with the Department of Trade and Industry and the European Commission towards the passage of a free trade agreement between the European Union (EU) and the Philippines. The Philippines and the EU are targeting to complete talks for a Free Trade Agreement by 2027, before the Generalized Scheme of Preferences plus (GSP+) expires.
<https://www.abs-cbn.com/news/business/2026/5/28/european-business-group-in-ph-names-first-female-president-1236>
- ✓ **Pag-Ibig raises housing loan limit to P10M.** The Pag-IBIG Fund raised its maximum housing loan limit to P10 million to improve home affordability, especially in Metro Manila and other urban areas. This comes as the government moves to address the growing condo oversupply, with Colliers Philippines estimating about 30,000 unsold ready-for-occupancy units in Metro Manila alone. The new ceiling, up from P6 million, may still be paid over up to 30 years, with interest rates ranging from 5.75% to 9.75% depending on the fixing period. For borrowers under the Expanded Pambansang Pabahay para sa Pilipino, or Expanded 4PH Program, the subsidized 3-percent annual interest rate will remain in place. Pag-Ibig had already retained the rate for a second time last March to help cushion Filipino households from consumption shocks. "With the higher PHP10-million loan ceiling, Pag-IBIG Fund can now serve more members, especially Filipino workers who seek homes in higher price segments but still require long-term and affordable financing to own homes near their workplaces, schools, and sources of livelihood," Department of Human Settlements and Urban Development Secretary Jose Ramon Aliling said in a statement. Aliling also urged housing developers to recalibrate prices and offer more reasonable packages to complement the fund's expanded financing capacity. Meanwhile, Pag-Ibig Fund CEO Marilene Acosta said the higher loan ceiling could make homeownership a more practical alternative to renting for many Filipinos across income segments.
<https://business.inquirer.net/592574/pag-ibig-raises-housing-loan-limit-to-p10m>
- ✓ **GCash partners with Europe's TransferGo for instant remittances.** GCash, operated by G-Xchange Inc., has partnered with European international money transfer service provider TransferGo to enable overseas Filipinos to send money directly and instantly to GCash wallets. Under the partnership, TransferGo users in the United Kingdom and in Europe will be able to send money directly to GCash wallets, which can immediately be used for financial transactions within the GCash ecosystem. "This partnership strengthens GCash's international remittance network and ensures that Filipino families get their funds quickly, safely, and conveniently," GCash International general manager Arjun Varma said in an emailed statement. This was mirrored by TransferGo chief executive officer and co-founder Daumantas Dvilinskas, with the partnership expanding payout options in Southeast Asia.

<https://www.gmanetwork.com/news/money/companies/989279/gcash-partners-with-europe-s-transfergo-for-instant-remittances/story/>

- ✓ **PLDT eyes expanding into solar energy.** PLDT said it is eyeing expanding into the solar energy space. In a statement, the telco giant said the move will combine reliable high-speed connectivity with a renewable energy system for the home. "If people can have solar panels installed together with internet in one go, it should be very compelling for our customers, especially the ones who wish to future-proof their homes," said chief operating officer Butch Jimenez. PLDT said the initial test marketing for the product offering has "generated highly promising results."The company said it will collaborate with a leading solar energy firm for the project. It has yet to announce any specific details. The enterprise business unit and Maya helped drive growth for telco giant PLDT despite global uncertainties in the first quarter of the year.
<https://www.abs-cbn.com/news/business/2026/5/28/pldt-eyes-expanding-into-solar-energy-1521>
- ✓ **San Miguel's liquor arm defies inflation with P2.3-billion profit.** Despite a challenging operating environment, San Miguel Corp.'s hard liquor arm, Ginebra San Miguel Inc. (GSMI), sustained its growth momentum in the first quarter of 2026, with net income rising faster than revenues. First-quarter net income reached P2.3 billion, up nine percent from the same period last year. Gross profit improved 11 percent to P4.5 billion, supported by better selling prices, lower molasses costs, and improved distillery efficiencies. Consolidated revenues for the January-to-March 2026 period reached P16.7 billion, up three percent year-on-year, while operating income grew 15 percent to P2.8 billion. "Even with cost pressures affecting the broader economy, we stayed focused and disciplined in execution, ultimately expanding our market share and further reinforcing our leadership in the domestic industry," said GSMI President and CEO Ramon S. Ang. GSMI's first-quarter performance builds on its strong full-year 2025 results, when it recorded its 12th consecutive year of volume growth and achieved a record 51 million cases sold. The company continues to roll out new campaigns to strengthen brand relevance and sustain consumption growth throughout 2026.
<https://mb.com.ph/2026/05/28/san-miguels-liquor-arm-defies-inflation-with-23-billion-profit>



- ✓ **Asia-Pacific markets open lower as Iran-U.S. negotiations remain in focus.** Asia-Pacific markets opened lower Thursday as investors continue to assess mixed signals from the ongoing Iran-U.S. negotiations amid a fragile ceasefire. South Korea's Kospi was lower by 0.36%, while the small-cap Kosdaq extended early losses, falling 2.61%.Japan's Nikkei 225 was marginally lower, while the Topix declined 0.23%. Australia's S&P/ASX 200 was 0.79% lower.China's CSI 300 slipped 0.38%, while Hong Kong's Hang Seng dropped 0.69%.
<https://www.cnn.com/2026/05/28/asia-markets-today-asx-kospi-nikkei-sensex-hang-seng-csi-iran.html>
- ✓ **FTSE 100 Snaps 8-Session Wining Streak.** The FTSE 100 fell 0.7% on Thursday, ending an eight-session winning streak as broad declines across banks, healthcare and utility stocks outweighed gains in energy and defence shares. Sentiment shifted throughout the session after renewed US airstrikes on Iran pushed oil prices higher, before an Axios report later suggested the US and Iran were close to extending their ceasefire pending approval from Trump.
<https://tradingeconomics.com/united-kingdom/stock-market/news/554569>
- ✓ **S&P 500 and Nasdaq hit record closing highs as US and Iran agree to extend ceasefire.** The S&P 500 and the Nasdaq posted record closing highs on Thursday (May 28) after news reports said that the US and Iran had reached a draft agreement to extend their ceasefire for 60 days, while investors also digested key inflation data. The Dow Jones Industrial Average, which was subdued during the session, eked out small gains in afternoon trade to finish at another closing high. The agreement still needs US President Donald Trump's approval, sources told Reuters. Iran's Tasnim news agency, meanwhile, said that the text of a potential memorandum of understanding with the US has not yet been finalised or confirmed. The Dow Jones Industrial Average rose 24.69 points, or 0.05 per cent, to 50,668.97, the S&P 500 gained 58.18 points, or 0.82 per cent, to 7,136.22 and the Nasdaq Composite gained 242.74 points, or 0.91 per cent, to 26,917.47. The S&P 500 healthcare index posted strong gains.
<https://www.businesstimes.com.sg/companies-markets/capital-markets-currencies/sp-500-and-nasdaq-hit-record-closing-highs-us-and-iran-agree-extend-ceasefire>
- ✓ **Brent Climbs on Renewed US-Iran Tensions.** Brent crude futures climbed toward \$97 per barrel on Thursday, rebounding from losses in the previous session as renewed hostilities between the US and Iran weakened expectations for a near-term peace agreement that could end the conflict and reopen the Strait of Hormuz. US forces reportedly struck an Iranian military site believed to pose a threat to American troops and commercial shipping routes through Hormuz, while also intercepting Iranian drones. Meanwhile, Iran's Revolutionary Guard said it had targeted a US airbase, though it did not disclose the location. Washington and Tehran also remained at odds over major sticking points in negotiations, including Iran's insistence on maintaining control of the strait and preserving its nuclear program. Despite the latest escalation, oil prices are still on track for a second consecutive weekly decline amid expectations that both sides could eventually reach a peace agreement and reopen the Strait of Hormuz.
<https://tradingeconomics.com/commodity/brent-crude-oil/news/554323>
- ✓ **PBOC tells Chinese banks to boost May lending as credit weakness persists.** China's central bank has instructed banks to boost lending this month, people with knowledge of the matter said, underscoring Beijing's continued efforts to support an economy squeezed by higher energy costs and stubbornly weak domestic demand. The People's Bank of China issued the informal guidance to some major state-owned banks last week as household and corporate loan demand has remained weak this month after lending unexpectedly fell in April, the sources said. The PBOC did not immediately respond to a request for comment. Despite those instructions, new yuan loans contracted in April for the first time in nine months, sharply undershooting forecasts as seasonal factors and weak household demand for credit dragged on lending. China's economy expanded 5.0% in the first quarter, the upper end of Beijing's full-year target range of 4.5% to 5.0%. However, growth is showing signs of losing momentum early in the second quarter. As policymakers shift support to technology and green energy

from traditional infrastructure and property, credit demand in the new areas remains insufficient to support overall lending volumes, one source said. Complicating the picture, banks have been tightening loan issuance to small and midsize private firms, given rising loan defaults, the sources said, further constraining credit flow to parts of the economy. Banks have also responded to rising household defaults by tightening lending standards, reducing the credit supply to people who have not defaulted, Xiaoxi Zhang at Gavekal Dragonomics wrote in a research note on Wednesday. Due to weak credit demand from the real economy, banks have had to purchase short-term commercial bills to hit their lending targets, the source said.

<https://www.businesstimes.com.sg/companies-markets/banking-finance/pboc-tells-chinese-banks-boost-may-lending-credit-weakness-persists>

- ✓ **Bank of Japan's rate hike timing secondary to economy's readiness: ex-BOJ Deputy Governor Wakatabe.** Former Bank of Japan Deputy Governor Masazumi Wakatabe said on Thursday that the timing of a potential interest rate hike is less important than whether the economy can withstand tighter monetary policy. "Whether the Bank of Japan raises rates in June is not the essential issue. What really matters is whether the economy is in a condition where the Bank of Japan can raise interest rates," Wakatabe said, speaking at a meeting of a pro-spending bloc within the ruling Liberal Democratic Party. Wakatabe, professor at Waseda University, is a member of the government's key economic panel, the Council on Economic and Fiscal Policy. Asked whether the BOJ would raise interest rates in June, Wakatabe said the central bank has independence and it can make decisions "on its own responsibility".
<https://www.businesstimes.com.sg/companies-markets/banking-finance/bank-japans-rate-hike-timing-secondary-economys-readiness-ex-boj-deputy-governor-wakatabe>
- ✓ **BOK's new chief reveals hawkish posture as price, FX risks grow.** The Bank of Korea kept its benchmark interest rate unchanged on Thursday, while a hawkish split within its seven-member board signaled an imminent turn toward a more restrictive policy stance to curb inflation and support a slumping won. Five of the seven members on the central bank's monetary policy board voted to keep its benchmark interest rate unchanged at 2.50 per cent, while two dissenters voted for a 25 basis point hike. The decision to hold was expected by 30 of 32 economists polled by Reuters. The two outliers forecast a rate rise. The meeting also marked the policy debut of new central bank governor Shin Hyun Song. "Looking at prices, growth, FX rates, as well as real estate, steps we should be taking going forward is clear. The question is when, how quickly to raise them, and how far," Shin said in a news conference in Seoul. The central bank revised up this year's inflation estimate to 2.7 per cent from the 2.2 per cent projected before the Iran war started, factoring in the spillovers from rising oil prices. It raised this year's growth forecast to 2.6 per cent from 2.0 per cent previously, reflecting the robust first-quarter expansion of 1.7 per cent, the fastest in nearly six years. Analysts expect Shin to be more hawkish than his predecessor Rhee Chang-yong and to prioritise price stability and currency defenses over supporting growth.
<https://www.channelnewsasia.com/business/boks-new-chief-reveals-hawkish-posture-price-fx-risks-grow-6146026>
- ✓ **Thai April factory output drops 0.36% on year, below forecast.** Thailand's manufacturing production index dropped 0.36 per cent in April from a year earlier, the industry ministry said on Thursday, weaker than analysts' forecasts. The April reading compared with a year-on-year increase of 0.2 per cent forecast in a Reuters poll, and followed a revised rise of 1.30 per cent the previous month. Thai factory output for the full year was seen up 1.0 per cent to 2.0 per cent, lower than the 1.5 per cent to 2.5 per cent range seen earlier. Output fell due to the impact of the war in the Middle East and higher costs that put pressure on profits, the ministry said. Tourism, a key economic driver, also weakened, impacting related industries. For the first quarter output grew 0.94 per cent annually, the ministry said. The outlook for May should be higher if compared to a month-on-month basis, it said.
<https://www.channelnewsasia.com/business/thai-april-factory-output-drops-036-year-below-forecast-6146451>
- ✓ **Eurozone Economic Sentiment Inches Up in May.** The Eurozone Economic Sentiment Indicator (ESI) rose slightly to 93.5 in May 2026, remaining close to the over five-year low of 93.2 recorded in April but exceeding market expectations of 92.8. Sentiment stayed weak, reflecting mounting concerns over the economic outlook amid the escalating Iran conflict. In the largest Eurozone economies, the ESI increased in Germany (+1.0) and France (+0.9), remained broadly stable in Italy (+0.1) and Spain (-0.1), and declined in the Netherlands (-0.9).
<https://tradingeconomics.com/euro-area/economic-optimism-index/news/554435>
- ✓ **Eurozone Consumers Slightly Less Pessimistic in May.** Euro Area consumer confidence was at -19 in May 2026, up from an over three-year low of -20.6 in April and confirming preliminary estimates. However, it remains firmly in negative territory, with inflationary pressures stemming from the Middle East conflict sustaining expectations of potential rate hikes. In the broader European Union, consumer sentiment also improved to -18.2 from -19.9 the month before, as consumers turned less pessimistic regarding their future household financial situation, major purchases, and the general economic outlook, while their assessment of past financial conditions remained broadly stable.
<https://tradingeconomics.com/euro-area/consumer-confidence/news/554441>
- ✓ **UK Gilt Yields Slightly Up as US-Iran Tensions Reignite Inflation Fears.** UK 10-year gilt yields edged up to 4.86% as escalating US-Iran tensions threatened their ceasefire, pushing oil prices higher and reigniting inflation concerns. This ended a five-day rally for UK government bonds, the longest since just before the Iran conflict escalated in late February. Recent weak labor market data, softer-than-expected inflation, and signs of slowing economic activity had led traders to scale back their bets on a Bank of England rate hike, with markets fully pricing in just one increase this year. However, traders slightly raised their bets today as rising oil prices underscored that the crisis is far from over, with a peace deal still out of reach. A Washington official confirmed US strikes on an Iranian drone operation near the Strait of Hormuz, following reports that President Donald Trump had rejected a potential compromise with Tehran. In retaliation, Iran's Revolutionary Guard targeted a US airbase on Thursday.
<https://tradingeconomics.com/united-kingdom/government-bond-yield/news/554402>
- ✓ **ECB set for June 'insurance' hike as energy shock raises policy risks.** In two weeks, the European Central Bank will meet again, and a rate hike is starting to look close to a done deal. Back at the last meeting, ECB President Christine Lagarde added a touch of conditionality, stressing that higher energy prices showed some indirect effects but definitely no second-round effects yet. The June meeting is expected to focus heavily on how higher energy prices and the war in the Middle East could affect – or are already affecting – inflation and inflation expectations. While ECB staff is busy tying up the last loose ends on a new set of forecasts for the June meeting, we've already had a peek at Lagarde's briefing note. The eurozone inflation rate came in lower than expected in April, and the composition of the figures remained benign. The jump from 1.9% in February to 3% in April was mainly due to higher energy prices, with other components remaining benign.

Even if this week's May inflation data shows the first tentative signs of a broadening of inflationary pressures, which is likely, it will be so tentative that there is no need for a panic reaction. Needless to say, the longer the war in the Middle East and the blockade of the Strait of Hormuz persist, the higher the likelihood that the initial energy price shock will not only have knock-on effects but could also be accompanied by additional supply chain frictions and, in turn, a self-enhancing inflationary spiral. Some indirect effects are gradually unfolding, but the question is whether they will also lead to higher inflation expectations. Inflation expectation measures have already started to crawl up. The ECB's own consumer survey showed one-year-ahead inflation moving to 4% in April, from 2.5% in March, while five-year-ahead inflation only saw a marginal increase (to 2.4% from 2.3%). For the ECB meeting, the slight increase in inflation should not trigger any panic but high alertness. In the past, the ECB would have called it 'vigilance'. With this vigilance, the main question for the ECB will be whether to go for a preemptive insurance hike or stay put. Market expectations have already tightened the monetary policy stance in recent weeks. A tighter monetary policy stance and creeping inflationary pressure are why we think that a rate hike is almost a done deal. What's even more interesting is what will happen beyond the June meeting. Markets have started to price in a total of three rate hikes.

<https://think.ing.com/articles/ecb-june-insurance-hike-energy-shock-policy-risk/>


- ✓ **Core inflation hit an annual rate of 3.3% in April, as expected, Fed's preferred gauge shows.** Inflation continued to hit consumer wallets in April, likely keeping the Federal Reserve on the sidelines until the current wave subsides, fresh pricing data released Thursday showed. The personal consumption expenditures price index increased a seasonally adjusted 0.4% for the month, putting the 12-month inflation rate at 3.8%, the Commerce Department reported. Economists surveyed by Dow Jones had been looking for respective readings of 0.5% and 3.8%. Excluding food and energy, core prices rose 0.2% for the month and 3.3% for the year, against estimates of 0.3% and 3.3%. The 12-month level for headline inflation was the highest since May 2023. For core, the annual level was the peak since November 2023. While the annual rates were in line with forecasts, the soft monthly readings could provide some hope that the burst in prices over the previous month had begun to ease.
<https://www.cnbc.com/2026/05/28/core-inflation-hit-an-annual-rate-of-3point3percent-in-april-as-expected-feds-preferred-gauge-shows-.html>
- ✓ **US GDP Growth Rate Revised Lower in Q1.** The US economy expanded an annualized 1.6% in Q1 2026, up from 0.5% in Q4 but below 2% in the advance estimate, primarily reflecting downward revisions to investment and consumer spending. Consumer spending rose 1.4%, less than 1.6% in the advance estimate. The rise was mainly supported by demand for services (1.8%) while goods remained subdued (0.4%). Also, gross private domestic investment rose 7%, below the 8.7% reported in the advance estimate. Business investment in equipment surged 17.2%, while spending on intellectual property products increased 11.6%. In contrast, investment in structures fell 5.4%, and residential investment declined 6.2%. Meanwhile, net trade contributed negatively to GDP (-1.25 pp), as exports rose by 13.1% (vs 12.9% in the first estimate) while imports jumped 21.1% (vs 21.4%). Government spending rose 4.4%, in line with the initial estimate, recovering from a 5.6% contraction in Q4, as activity resumed following the end of the government shutdown.
<https://tradingeconomics.com/united-states/gdp-growth/news/554480>
- ✓ **Energy inflation has been more persistent than expected: Fed's Goolsbee.** Energy inflation tied to the war in Iran has lasted longer than expected, creating a "stagflationary shock" for Asian economies, Chicago Federal Reserve President Austan Goolsbee said Thursday. Speaking to CNBC's Kaori Enjoji at the Bank of Japan-IMES Conference, Goolsbee said that initial estimates in the futures markets had expected energy prices to be "a lot lower" than current levels. While oil prices have eased recently on signs of progress in U.S.-Iran peace talks, prices remain well above levels seen before the war. Goolsbee also sounded a warning for Asian economies, saying that, because they are energy importers, "it's more just a stagflationary shock of the old-fashioned variety." The Chicago Fed President, who voted against the Federal Reserve's final rate cut in 2025, said he dissented because he wanted evidence that inflation would not be persistent. Still, Goolsbee said that if inflation starts moving back toward the Fed's 2% target, interest rates would "ultimately settle at some place well below where they are today."
<https://www.cnbc.com/2026/05/28/goolsbee-iran-energy-inflation-asia-stagflation-shock-ai-artificial-intelligence-jobs.html>

UPCOMING BAIPHIL WEBINARS



TRAINING PROGRAMS		PROGRAM DETAILS		
COMMITTEE	TITLE	DATE	COURSE OUTLINE	REGISTRATION LINK
Finance and Audit Course Committee (FACCOM)	Tax Compliance Risk Management, considering the Banking Business Model and the Core Products of the Bank	Day 1: June 1, 2026 Day 2, June 3, 2026	PROGRAM DETAILS	REGISTER HERE
	Essential Tools to Smart Financial Decisions: Cost-Benefit Analysis, Budgeting, Breakeven and Beyond	June 11, 2026	PROGRAM DETAILS	REGISTER HERE
	Prudential/Regulatory Accounting Standards for the Statutory Reporting of Banks – Part 2 (Focus on FRP and Prudential Reporting Requirements)	July 3 – 4, 2025	PROGRAM DETAILS	REGISTER HERE
	Independent Assurance Assessment of Retail Branch Banking's AML Regulatory Compliance Culture & Ethical Culture	July 30-31, 2026	PROGRAM DETAILS	REGISTER HERE

	and their AML Risk Governance & Controls			
Governance, Legal, Regulatory and Compliance (GLRC) Course Committee	Reputation Matters: Defending Your Bank's Most Valuable Asset (Guidelines on Reputational Risk)	June 9, 2026	PROGRAM DETAILS	REGISTER HERE
	Mandatory Lending (e.g., Agri-Agra Credit) Legal Framework, Regulations and Reporting	June 29, 2026	PROGRAM DETAILS	REGISTER HERE
	From Chaos to Control: Compliance with Operational Risk Management Guidelines / Guidelines on Operational Resilience	June 30, 2026	<i>Link to be posted</i>	<i>Link to be posted</i>
Information Technology and Security Course (ITSEC) Committee	Cybersecurity Governance, Risks and Compliance	June 5, 2026	PROGRAM DETAILS	REGISTER HERE
	Intermediate Excel Training for Bankers	June 25 - 26, 2026	PROGRAM DETAILS	REGISTER HERE
	Advanced Excel Training for Bankers	July 9 – 10, 2026	PROGRAM DETAILS	REGISTER HERE
	Excel VBA Programming	July 30 – 31, 2026	PROGRAM DETAILS	REGISTER HERE
Leadership Effectiveness Course (LEC) Committee	Mastering the Art of Connection: Strategic & Persuasive Communication for Banking Professionals	June 17-18, 2026	PROGRAM DETAILS	REGISTER HERE
Products, Bank Operations and Management (PBOM) Course Committee	Signature Verification and Forgery Detection	May 29, 2026	PROGRAM DETAILS	REGISTER HERE
	Fraud and Forgery Detection and Prevention Program	June 24, 2026	PROGRAM DETAILS	REGISTER HERE
	Know Your Money and Counterfeit Detection	June 25, 2026	PROGRAM DETAILS	REGISTER HERE
Risk Management Course (RMC) Committee	Methodologies for IFRS 9 ECL Modeling	June 5, 2026	PROGRAM DETAILS	REGISTER HERE
	Enterprise Risk Management	June 16, 2026	PROGRAM DETAILS	REGISTER HERE



“

In a time of deceit
telling the truth is a
revolutionary act.

—George Orwell

REFERENCES

- 1 Reuters: <https://www.reuters.com/finance/currencies>
- 2 Philippine Dealing System: <http://www.pds.com.ph/>
- 3 Philippine Stock Exchange: <http://www.pse.com.ph/stockMarket/home.html>
- 4 Reuters: <https://www.reuters.com/markets/stocks>
- 5 Bloomberg: <https://www.bloomberg.com/markets/commodities>
- 6 CNN Money: <https://money.cnn.com/data/bonds/>

OTHER REFERENCES / EXTERNAL LINKS

- Philippine Stock Exchange: <http://www.pse.com.ph/stockMarket/home.html>
- CNN Money: <http://money.cnn.com/>
- Philippine Dealing System: <http://www.pds.com.ph/>
- Bangko Sentral ng Pilipinas: <http://www.bsp.gov.ph/>
- GMA News Online: <http://www.gmanetwork.com/news/>
- Bankers Association of the Philippines: <http://bap.org.ph/>
- BPI Asset Management: <https://www.bpiassetmanagement.com/>
- Bureau of Treasury: <http://www.treasury.gov.ph/>
- Business World: <http://bworldonline.com/>
- Philippine Statistics Authority: <https://psa.gov.ph/>

- | | |
|--|---|
| <ul style="list-style-type: none"> > <i>Philippine Daily Inquirer</i>: http://business.inquirer.net/ > <i>Philippine Star</i>: https://www.philstar.com/business/ > <i>ABS-CBN News</i>: http://news.abs-cbn.com/business/ > <i>Manila Bulletin</i>: https://mb.com.ph/ > <i>Manila Standard</i>: http://manilastandard.net/ > <i>Philippine News Agency</i>: www.pna.gov.ph > <i>AutoIndustriya</i>: https://www.autoindustriya.com/ > <i>The Wall Street Journal</i>: https://www.wsj.com/asia/ > <i>Reuters</i>: https://www.reuters.com/ > <i>Bloomberg</i>: https://www.bloomberg.com/markets/ > <i>Business Mirror</i>: https://businessmirror.com.ph/ | <ul style="list-style-type: none"> > <i>Trading Economics</i>: https://tradingeconomics.com/ > <i>South China Morning Post</i>: http://www.scmp.com/ > <i>Japan Times</i>: https://www.japantimes.co.jp > <i>The Japan News</i>: http://www.the-japan-news.com > <i>Market Watch</i>: https://www.marketwatch.com/ > <i>Asia Nikkei</i>: https://asia.nikkei.com/ > <i>Straits Times</i>: https://www.straitstimes.com/global > <i>Channel News Asia</i>: https://www.channelnewsasia.com/ > <i>CNBC</i>: https://www.cnbc.com/ > <i>The New York Times</i>: https://www.nytimes.com/ > <i>Gulf News</i>: https://gulfnews.com/ |
|--|---|

COMPILED AND PREPARED BY: RACHELLE FAJATIN, Corporate Communications and Information Exchange Committee

DISCLOSURE: The BAIPHIL Market Watch (BMW) is for informational purposes only. The content of the BMW is sourced from third party websites and may be subject to change without notice. Although the information was compiled from sources believed to be reliable, no liability for any error or omission is accepted by BAIPHIL or any of its directors, officers or employees, and BAIPHIL is not under any obligation to update or keep current this information.

[Go To Homepage](#)