



BAIPHIL MARKET WATCH

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

03 June
2026

Legend

- Improvement / Up
- Deterioration / Down
- No Movement

FINANCIAL MARKETS AT A GLANCE



| Currency Exchange ¹ | Current | Previous |
|--------------------------------|----------|----------|
| USD/PHP | 61.6750 | 61.7460 |
| USD/JPY | 159.7100 | 159.6700 |
| USD/CNY | 6.7632 | 6.7658 |
| EUR/USD | 1.1627 | 1.1631 |
| GBP/USD | 1.3462 | 1.3454 |

| PHP BVAL Reference Rates ² | Current | Previous |
|---------------------------------------|---------|----------|
| 30-Day | 4.7279 | 4.6006 |
| 91-Day | 4.9980 | 4.9789 |
| 180-Day | 5.4725 | 5.5020 |
| 1-Year | 6.1030 | 6.1915 |
| 3-Year | 7.0281 | 7.0595 |
| 5-Year | 7.3216 | 7.3315 |
| 10-Year | 7.5066 | 7.4902 |

| Domestic Stock Index ³ | Current | Previous |
|-----------------------------------|----------|----------|
| PSEi | 5,912.69 | 5,799.32 |
| Trade Value (Php B) | 6.792 | 8.499 |

| Stock Index ⁴ | Current | Previous |
|--------------------------|-----------|-----------|
| NIKKEI 225 | 66,734.24 | 66,934.33 |
| FTSE 100 | 10,373.51 | 10,338.95 |
| DOW JONES | 51,307.79 | 51,078.88 |
| S&P 500 | 7,609.78 | 7,599.96 |
| NASDAQ | 27,093.90 | 27,086.81 |

| Various ^{5/6} | Current | Previous |
|------------------------|---------|----------|
| Brent Crude (USD/bbl) | 93.66 | 95.17 |
| 3-M US Treasury Yield | 3.77% | 3.78% |
| 5-Y US Treasury Yield | 4.17% | 4.18% |
| 10-Y US Treasury Yield | 4.46% | 4.47% |



PHILIPPINES



- ✓ **PSEi rebounds on fuel rollback, bargain hunting.** Local stocks extended their recovery on Tuesday as investors continued to scoop up beaten-down shares, while easing fuel prices and government plans to bolster energy security lifted sentiment. The benchmark Philippine Stock Exchange Index (PSEi) climbed 1.95 percent or 113.37 points, to close at 5,912.69. The broader all shares index likewise advanced. According to Philstocks Financial Inc., bargain hunting remained the market's primary driver after recent weakness pushed valuations to more attractive levels. Market sentiment further improved after the government moved to establish a strategic petroleum reserve program, a step seen as enhancing the country's energy security. Despite the rally, trading activity remained subdued. Net value turnover stood at P6.06 billion, below the year-to-date average of P6.38 billion, indicating that many investors were still taking a cautious stance while assessing broader market conditions. Foreign funds provided additional support, ending the session as net buyers with inflows of P628.73 million.
<https://business.inquirer.net/593215/psei-rebounds-on-fuel-rollback-bargain-hunting>
- ✓ **T-bonds fetch higher rates on inflation bets.** The government fully awarded the reissued Treasury bonds (T-bonds) it offered on Tuesday even as yields rose, with investors swamping the offer as expectations of faster May inflation bolstered tightening bets. The Bureau of the Treasury (BTr) borrowed P30 billion as planned via the reissued 20-year bonds as bids reached P58.123 billion or nearly twice the amount on offer. This brought the outstanding volume of the series to P483.3 billion, the Treasury said in a statement after the auction. The BTr also opened its tap facility to raise P10 billion more via the same papers. The reissued bonds, which have a remaining life of five years and one month, were awarded at an average rate of 7.4%. Accepted yields ranged from 7.3% to 7.44%. The average rate of the reissued papers jumped by 107.2 basis points (bps) from the 6.328% fetched for the series' last award on April 14 but was still 60 bps below the 8% coupon for the issue. The Treasury fully awarded the bond offer as it saw healthy demand and as yields were close to prevailing secondary market levels, well within market expectations, a trader said in a text message. "There was strong demand at the auctions this week, further emphasized by the extra P10 billion raised from the tap facility, which is likely due to the improved risk sentiment amongst market players since last week." "This is really in anticipation of a higher May inflation [figure]. The market is already pricing higher inflation and the Bangko Sentral ng Pilipinas (BSP) might adjust rates sooner," Sun Life Investment Management and Trust Corp. President Michael Gerard D. Enriquez added in a Viber message.
<https://bworldonline.com/banking-finance/2026/06/03/753865/t-bonds-fetch-higher-rates-on-inflation-bets/>
- ✓ **Peso rebounds as traders await data, peace deal.** The peso recovered against the dollar on Tuesday as focus turned to upcoming data releases here and abroad that are expected to reflect the continued economic impact of the Middle East crisis. The currency gained 7.10 centavos to close at P61.675 versus the greenback from P61.746 on Monday, according to Bankers Association of the Philippines data posted on its website. "The dollar-peso closed lower as the market consolidated within a narrow range, most likely on cautious trading ahead of key data releases both locally and in the US," a trader said in a phone interview. These data include reports on May Philippine inflation and US employment. The trader added that the market continues to monitor developments between the United States and Iran.

- ✓ **PH debt eases by 0.09% in April 2026.** The Philippines' sovereign debt stock declined slightly by about P17.5 billion in April 2026 mainly due to repayment of some of the government's domestic obligations. Data released by the Bureau of the Treasury (BTr) on Tuesday showed the national government's outstanding debt stood at P18.47 trillion, down 0.09% from the end-March level of P18.49 trillion. The Treasury attributed the slight easing in debt levels to the government's repayment of domestic securities, which more than offset the impact of peso depreciation — from P60.678:\$1 as of end-March to P61.540:\$1 as of end-April — against the US dollar on foreign currency-denominated obligations. In particular, domestic debt amounted to P12.41 trillion, down 0.95% or P119.18 billion from P12.53 trillion month-on-month. Foreign debt, meanwhile, saw an increase of 1.71% or P101.61 billion to P6.06 trillion, from P5.59 trillion in March, "mainly due to the depreciation of the peso." The Treasury, moreover, said the revaluation of foreign currency-denominated obligations stood at P101.72 billion due to the weaker peso against the US dollar and third-currency movements. "Of the total debt stock, 67.22% are domestic debt, while 32.78% represent external obligations," it said.
<https://www.gmanetwork.com/news/money/economy/989919/ph-debt-eases-by-0-09-in-april-2026/story/>
- ✓ **Philippine banks' bad loan ratio hits 8-month high in April on higher lending costs.** Philippine banks' bad loan ratio deteriorated to 3.37 percent as of end-April 2026, marking an eight-month high, likely due to the delayed impact of elevated borrowing rates on borrowers. The latest Bangko Sentral ng Pilipinas (BSP) data showed that the banking industry's gross non-performing loan (NPL) ratio widened in April from 3.29 percent in March, 3.33 percent in February, and 3.31 percent in January. April's bad loan ratio was the highest since the 3.5 percent recorded in August 2025. As of end-April, the value of gross NPLs increased by approximately two percent to P579.9 billion from P568.6 billion in the previous month. In April, the Philippine banking system's total loan book contracted slightly to P17.2 trillion from P17.26 trillion in March. Past-due loans rose by 3.7 percent to P763.6 billion in April from P736.2 billion in March. This translated into the past-due ratio deteriorating to 4.44 percent in April from 4.26 percent in the previous month. Ruben Carlo O. Asuncion, chief economist at Union Bank of the Philippines (UnionBank), said the uptick in the bad loan ratio in April "likely reflects the lagged impact of elevated interest rates on borrowers, alongside normalization in asset quality after the post-pandemic recovery." S&P Global Ratings, a global debt watcher, earlier said that Philippine banks could face a potential surge in soured loans as escalating tensions in the Middle East threaten to disrupt the domestic economy.
<https://mb.com.ph/2026/06/02/philippine-banks-bad-loan-ratio-hits-8-month-high-in-april-on-higher-lending-costs>
- ✓ **Philippines unifies digital banking with InstaPay, PesoNet operators merger.** The Securities and Exchange Commission (SEC) and the central bank have approved the merger of the nation's two largest payment and clearing operators, creating a unified entity tasked with driving growth in digital transactions in the country. BancNet Inc. and the Philippine Clearing House Corp. (PCHC) announced in a statement on Tuesday, June 2, that they received regulatory clearance to combine operations, with BancNet acting as the surviving corporate entity. The Bangko Sentral ng Pilipinas (BSP) previously authorized the transaction earlier this year. Effective June 1, the merged company began operating under the new corporate name Payments Network of the Philippines Inc. (PNPI). The consolidation creates a singular, systemic infrastructure manager for the nation's financial transactions. The central bank had previously designated both organizations as Operators of Designated Payment Systems under its National Retail Payments System framework. To maintain market continuity, PNPI will retain the well-known "BancNet" brand for its automated teller machine network, while the "PCHC" name will remain intact for traditional check clearing operations. Nestor V. Tan, BancNet chairman, said the consolidation was a transformative milestone toward a future-ready national payments system. He noted that by pooling their respective technological strengths and institutional expertise, PNPI would be better positioned to deliver enhanced value to banks, businesses, and retail consumers alike. Joseph A. Gotuaco, PCHC chairman, said that PNPI will focus on strengthening the safety and reliability of electronic processing, which is vital to the broader economy. He added that the company plans to work closely with regulators and industry stakeholders to advance secure and inclusive payment systems across the country.
<https://mb.com.ph/2026/06/02/philippines-unifies-digital-banking-with-instapay-pesonet-operators-merger>
- ✓ **Peso seen sliding to P64.5 per US dollar amid prolonged Middle East war, 'super' El Niño.** Japanese financial giant MUFG Bank Ltd. warned that the Philippine peso could plunge to as low as P64.5 against the United States (US) dollar if the Middle East war re-escalates, with the decline worsened further by a global "super" El Niño and a hawkish US central bank. MUFG analysts wrote in a June 1 commentary that after the decline of the local currency in May to as low as P61.587 per US dollar, the Japanese lender's base case is for the peso to appreciate to below P61:\$1, provided the Middle East conflict eases and the greenback retreats. Beyond this forecast, MUFG also pointed out downside risks to the foreign exchange (forex) market. "We see the US dollar-Philippine peso trading above P62:\$1 to perhaps as high as P64.5:\$1 if the Iran conflict re-escalates and with that oil prices rise further," it said, referring to the worst-case scenario. Adding to these risks are the local currency's vulnerability to the agricultural impact of an anticipated super El Niño and the possibility that the US Federal Reserve (Fed) turns more hawkish in the near term, the bank noted. According to MUFG, the peso's vulnerability is exacerbated by the country's status as a current account deficit economy, making it more fragile than lower-yielding Asian currencies. This decline has forced the Bangko Sentral ng Pilipinas (BSP) into a defensive posture. It hiked the key interest rate to 4.5 percent in its April policy meeting and signaled a more hawkish tilt after April inflation hit a more than three-year high of 7.2 percent. Domestically, the inflation outlook remains a primary concern for monetary authorities. "We see the BSP hiking rates by at least 75 basis points (bps) more, bringing the policy rate to 5.25 percent, and more so if risks materialize," it said. On a positive note, while the monetary outlook appears tight, the fiscal side offers a hint of hope. However, the bank cautioned that the positive impact on economic growth may not be immediate, noting that the increase was largely driven by transfers to local government units (LGUs) rather than project-related spending. Looking ahead, the lender does not expect the current period of tighter monetary policy to be permanent, projecting that the central bank could begin reversing the anticipated rate hikes in 2027 if inflation moderates.
<https://mb.com.ph/2026/06/02/peso-seen-sliding-to-645-per-us-dollar-amid-prolonged-middle-east-war-super-el-nino>
- ✓ **Gov't to come up with own strategic petroleum reserve: Garin.** In a press conference, Energy Secretary Sharon Garin said the goal is to stockpile more fuel in addition to the reserves held by private oil companies. "The primary purpose is to add more to the 60 days--the stockpile of private companies--or the 30 days; it could be 30 to 60 days, depending on the resources of our private company," Garin said. "This will be a more systematic and a more organized system. Now it won't be reactive; we will have our own reserves in the Philippines, sufficient enough to weather any...disruptions in the other parts of the world, or in the countries where we get our oil," she said. The secretary said the Department of Energy (DOE) was working with the Philippine National Oil Company (PNOC) and Maharlika Investment Corporation (MIC) for this initiative. Garin said Maharlika would be in charge of securing financing, feasibility studies, looking for possible sites, and seeking out partners who can help or operate the project. In a June 1 press conference, DOE Undersecretary Alessandro Sales said the country's petroleum inventory was as follows: Gasoline - 47.10 days; Diesel - 44.36 days; Kerosene - 143.64 days; and LPG - 42.13 days.
<https://www.abs-cbn.com/news/business/2026/6/2/gov-t-to-come-up-with-own-strategic-petroleum-reserve-garin-1329>
- ✓ **AMRO flags rising Philippine stagflation risk as stronger inflation pass-through threatens consumption.** Singapore-based regional surveillance body ASEAN+3 Macroeconomic Research Office (AMRO) is seeing a full-year stagflationary period as it significantly lowers its Philippine growth outlook amid mounting pressure from elevated costs of living. Based on AMRO's June 2026 interim update of its ASEAN+3 Regional

Economic Outlook (AREO), published on Tuesday, June 2, Philippine gross domestic product (GDP) growth is expected to moderate from 4.4 percent in 2025 to a possibly new post-pandemic low of 4.1 percent in 2026—a significant decline from its earlier forecast of 5.3 percent. “Association of Southeast Asian Nations (ASEAN) growth has been downgraded in some economies, including the Philippines and Vietnam, where stronger inflation passthrough is expected to weigh on domestic demand,” the AMRO report said. This suggests that surging prices are hurting Filipino households’ ability to spend, which has long been an engine of the domestic economy. AMRO projected headline inflation to average six percent in 2026, higher than its previous forecast of 3.9 percent. According to AMRO, the upward revision in inflation assumptions is “more pronounced in ASEAN economies, reflecting greater reliance on energy imports and a larger share of food in consumption baskets.” Domestic output growth is expected to pick up to 5.5 percent in 2027, still lower than the initial projection of 5.8 percent. Inflation, meanwhile, is seen easing to 4.1 percent in 2027, which remains higher than the earlier assumption of 3.6 percent and still above the four-percent government ceiling.

<https://mb.com.ph/2026/06/02/amro-flags-rising-philippine-stagflation-risk-as-stronger-inflation-pass-through-threatens-consumption>

- ✓ **Philippines digital economy set for boost from world's first regional tech pact.** The value of the country’s digital economy is expected to grow with the signing of the Digital Economy Framework Agreement (DEFA), which would mark the world’s first region-wide digital economy pact, according to the Department of Trade and Industry (DTI). Once signed, Trade Secretary Cristina Roque said the DEFA will help encourage the entry of new investments into the Philippines, while fostering innovation and improving productivity nationwide. “For the Philippines, the DEFA is set to bring real benefits to everyday Filipinos,” she said. “It will help ensure that the digital transformation is inclusive—so that more Filipinos can take part in and benefit from a safer, more connected digital economy.” Roque said the entry into force of the agreement comes at an opportune time for the local digital economy, which continues to grow year-on-year. The Philippine digital economy’s value expanded by 5.8 percent to ₱2.74 trillion in 2025 from ₱2.59 trillion in the previous year, according to the Philippine Statistics Authority (PSA). PSA data showed that last year’s value was equivalent to 9.8 percent of the country’s gross domestic product. The digital economy also accounted for 21.2 percent of the country’s total employment size, with a total of 10.39 million workers. Negotiations for the DEFA were successfully concluded in Manila last week during the second senior economic officials’ meeting of the Association of Southeast Asian Nations (ASEAN). The DTI said this is a major milestone for the Philippines’ chairship of ASEAN, as it has identified the signing of the DEFA as one of its priority economic deliverables.
<https://mb.com.ph/2026/06/02/philippines-digital-economy-set-for-boost-from-worlds-first-regional-tech-pact>
- ✓ **Millions of SSS pensioners to receive early 10% increase this month.** The Social Security System (SSS) commenced the early rollout of the second tranche of its Pension Reform Program, advancing the scheduled benefit increase by three months to provide immediate financial relief to 4.1 million state pensioners. The state-run pension fund announced on Tuesday, June 2, that it will deploy approximately ₱6.5 billion in additional benefits between June and August, ahead of the original September schedule. Finance Secretary Frederick D. Go, who also chairs the Social Security Commission, alongside SSS President and Chief Executive Officer Robert Joseph M. de Claro, confirmed the fast-tracked release is designed to buffer vulnerable households against stubborn inflationary pressures and elevated electricity costs. Under the accelerated schedule, retirement and disability pensioners will see their monthly distributions rise by 10 percent, while death and survivor beneficiaries will receive a five percent adjustment. According to SSS data, the Pension Reform Program marks the first multi-year, staggered pension escalation in the history of the institution. The framework mandates fixed annual increases every September spanning from 2025 through 2027, meaning the early June deployment represents a targeted structural deviation to address current macroeconomic headwinds.
<https://mb.com.ph/2026/06/02/millions-of-sss-pensioners-to-receive-early-10-increase-this-month>
- ✓ **EastWest, Visa launch enhanced priority banking for wealthy clients.** Gotianun-led East West Banking Corp. (EastWest Bank) has partnered with Visa in the launch of an elevated EastWest Priority Banking experience for the lender’s high-net-worth (HNW) clients, offering hyper-personalized investment and wealth solutions and access to specially trained relationship managers. EastWest Chief Executive Officer (CEO) Jerry G. Ngo said in a June 1 statement that the initiative provides a clearer purpose: “To give our clients a more personal, more insightful, and more complete banking relationship, one where we work alongside them every step of the way.” EastWest’s tie-up with the multinational financial services firm integrates Visa Infinite debit and credit products into the banking ecosystem to meet the changing needs of the wealthy. “Today’s affluent consumers are increasingly driven by experiences, deeper enrichment, and intentional luxury, rather than traditional status-led consumption,” said Jeffrey Navarro, country manager for Visa Philippines. Ngo noted that the business has grown fivefold in the decade since EastWest acquired the business from Standard Chartered Bank (SCB) in 2015. From around 2,000 clients, the business now has more than 10,000 clients. Beyond its Priority Banking business, EastWest said that loan demand for green technology such as electric vehicles (EVs) and solar panels has spiked since the Philippines began grappling with an energy crisis that has pushed fuel prices higher. Meanwhile, demand for auto loans moderated.
<https://mb.com.ph/2026/06/02/eastwest-visa-launch-enhanced-priority-banking-for-wealthy-clients>
- ✓ **DoubleDragon delivered record P28-B revenue in 2025.** DoubleDragon Corp. booked its highest-ever annual revenue in 2025, driven largely by contributions from its growing overseas operations as the property developer accelerates its shift toward recurring income streams. In a disclosure on Monday, the company founded by tycoons Tony Tan Caktiong and Edgar Sia II said total revenues had reached a record P27.91 billion in 2025, up 56.3 percent. The increase translated to an additional P10.05 billion in revenues, which the company attributed mainly to fresh earnings generated outside the Philippines. The listed firm said 2025 marked the start of a major transition in its business model as it moves away from fair value gains that had supported earnings in previous years. With most of its leasing assets already completed, core operating revenues are now beginning to account for a larger share of total income. The company expects a full shift toward core revenues by 2028 onwards. The company said it expects further growth in core revenues and earnings this year as it moves past one-time expenses related to the US Nasdaq listing of Hotel101 Global and stock-based compensation costs tied to the international expansion plans of its hospitality business. “Year 2026 is set to be the year with DoubleDragon to start generating a high volume of recurring revenues from its portfolio of provincial community mall leasing, industrial warehouse leasing, office leasing and its hospitality portfolio in the Philippines and overseas,” the company said.
<https://business.inquirer.net/593124/doubledragon-delivered-record-p28-b-revenue-in-2025>
- ✓ **MerryMart to delist from PSE.** Supermarket operator MerryMart Consumer Corp. is set to delist from the Philippine Stock Exchange (PSE) and become a direct subsidiary of DoubleDragon Corp., in line with efforts to optimize synergies with the Jollibee Group. The delisting was approved by MerryMart board on Monday, June 1, with a shareholders’ meeting scheduled on July 7, 2026. “The main rationale of this transaction is to consolidate the focus of the DoubleDragon and MerryMart management team and to optimize the synergies that will be brought about by the combined forces of the DoubleDragon Group of the Injap Group and the Jollibee Group, who are the main principals of the combined DD and MM post merger of the two entities,” MerryMart said in a regulatory filing. DoubleDragon on Monday said it targets an 1,800% increase in total revenues to P500 billion by 2035, after posting a record-high P27.91 billion in 2025, driven mainly by stronger contributions from its overseas operations. The firm also plans to become debt-free and optimize its asset portfolio by 2025, expand its footprint across all 82 provinces in the Philippines through direct ownership or subsidiaries, and establish Hotel101 Global presence in 100 countries.
<https://www.gmanetwork.com/news/money/companies/989859/merrymart-to-delist-from-pse/story/>

- ✓ **Maynilad to complete P955-million Valenzuela reservoir this year.** West Zone concessionaire Maynilad Water Services Inc. expects to commission its new pumping station and reservoir in Valenzuela City by the third quarter of 2026, part of an ongoing effort to improve water storage and pressure across northern Metro Manila. In a statement, Maynilad said the company is wrapping up developments at the Parada Pumping Station and Reservoir, a project valued at P955 million. Construction has passed the 90 percent completion mark and is expected to add 40 million liters to Maynilad's total water storage capacity once fully operational. The utility expects the added volume to stabilize supply during peak demand hours and support long-term service expansion. The facility will directly benefit approximately 50,000 residents in Barangay Parada by more than doubling local water pressure. The Parada facility is part of Maynilad's sustained capital expenditure program aimed at modernizing and expanding its water infrastructure network. The company currently operates 41 pumping stations and 40 reservoirs across its West Zone concession area. The network represents a significant infrastructure expansion from the eight pumping stations and 10 reservoirs it operated in 2006, prior to the utility's re-privatization. Maynilad operates the largest water concession by population served within a single concession area in the Philippines. Its coverage includes parts of Manila, Quezon City, Makati, Caloocan, Pasay, Parañaque, Las Piñas, Muntinlupa, Valenzuela, Navotas, and Malabon. The company also serves Cavite Province, including the cities of Cavite, Bacoor, and Imus, alongside the municipalities of Kawit, Noveleta, and Rosario.
<https://mb.com.ph/2026/06/02/maynilad-to-complete-955-million-valenzuela-reservoir-this-year>



- ✓ **Asia-Pacific stocks mostly lower as Iran war uncertainty keeps investors on edge.** Asia-Pacific markets traded mostly lower Tuesday, as investors weighed renewed uncertainty over U.S.-Iran peace negotiations, while Wall Street benchmark indexes climbed to fresh highs overnight on tech optimism. Japan's Nikkei 225 was 1.32% lower, while the Topix declined 1.14%. South Korea's Kospi fell 1.92% and the small-cap Kosdaq was down 3.13%. In Australia, the S&P/ASX 200 lost 0.71%. Hong Kong's Hang Seng index added 0.13%, while mainland China's CSI 300 was up 0.1%. Trump on Monday shrugged off the possibility that peace talks with Iran could fall apart, telling CNBC, "I don't care if they're over, honestly." Trump was responding to a question about reports earlier Monday that Iranian negotiators were considering ending discussions with Washington and moving to "completely block" the Strait of Hormuz in response to Israel's military campaign in Lebanon targeting the Iran-backed Hezbollah group.
<https://www.cnbc.com/2026/06/02/asia-pacific-markets-today-kospi-nikkei-225-hang-seng-index.html>
- ✓ **European shares rise as STMicroelectronics lifts tech; inflation backs ECB hike bets.** European shares rose on Tuesday (Jun 2), as a strong forecast from STMicroelectronics boosted technology stocks and investors assessed eurozone inflation data for signs of the Middle East conflict's impact on the economy. The pan-European Stoxx 600 index rose 0.7 per cent to 625.34 points, while the technology sub-index gained 3.4 per cent, making it the best-performing sector. "Semiconductors are probably no longer merely a traditional technology sector. They are gradually becoming the central infrastructure of tomorrow's global economy," said John Plassard, partner, head of investment strategy at Cite Gestion. Risk appetite was also helped by tentative signs of progress in the US-Iran peace talks to resolve a three-month long conflict. Iranian media reported that Teheran was reviewing a US proposal to halt the war, though it had not communicated with Washington for several days. Eurozone inflation accelerated to 3.2 per cent in May from 3 per cent in April, driven by energy and services prices. The reading reinforced expectations that the European Central Bank will raise rates by 25 basis points at its meeting next week. "The ECB is likely to opt for an 'insurance' rate hike," said Carsten Brzeski, global head of macro at ING.
<https://www.businesstimes.com.sg/companies-markets/capital-markets-currencies/european-shares-rise-stmicroelectronics-lifts-tech-inflation-backs-ecb-hike-bets>
- ✓ **US stocks pull back as traders evaluate new Middle East developments.** US stocks declined on Tuesday (Jun 2) as traders parsed the latest developments in the Middle East. The S&P 500 was down 0.09 per cent at 9.48 am in New York, pausing an eight-session rally – its longest streak of gains in more than a year. Meanwhile, the technology-heavy Nasdaq 100 slipped 0.1 per cent. Brent crude fell 0.07 per cent to US\$94.91 a barrel. Developments on Monday highlighted how fragile things are in the Middle East. Meanwhile, the rally in artificial intelligence beneficiaries continued, with Hewlett Packard Enterprise (HPE) surging 25 per cent after reporting results on Monday evening.
<https://www.businesstimes.com.sg/companies-markets/capital-markets-currencies/us-stocks-pull-back-traders-evaluate-new-middle-east-developments>
- ✓ **Brent Crude Slips as US-Iran Uncertainty Persists.** Brent crude oil futures fell around 2% toward \$93 per barrel on Tuesday, following a 4.2% surge in the previous session, as investors weighed ongoing uncertainty surrounding US-Iran negotiations and the future of shipping through the Strait of Hormuz. Concerns that energy flows from the Persian Gulf could remain disrupted for longer continued to support market volatility. Prices had jumped on Monday after reports that Iran was suspending talks with Washington in response to Israel's military operations in Lebanon, before easing after President Donald Trump said negotiations were still ongoing. Trump also said a memorandum of understanding to reopen the Strait of Hormuz could be reached as early as next week, although several issues remain unresolved. Mixed messages from Trump and Israeli Prime Minister Benjamin Netanyahu on the situation in Lebanon added to the uncertainty, while Lebanese officials said further ceasefire discussions are scheduled this week.
<https://tradingeconomics.com/commodity/brent-crude-oil/news/555719>
- ✓ **Bitcoin Drops to Two-Month Low.** Bitcoin fell more than 2% to below \$70,000 in early June, hitting its lowest level since April 8, as geopolitical tensions and weakening institutional demand weighed on sentiment. Market pressure was driven by concerns over the US-Iran conflict as well as Strategy Inc.'s rare Bitcoin sale, which added to worries about corporate treasury demand. At the same time, some capital rotation appeared to be moving toward equities, as strong risk appetite in AI and semiconductor stocks coincided with crypto outflows, suggesting a shift in investor positioning across risk assets.
<https://tradingeconomics.com/btcusd:cur/news/555690>

- ✓ **China's central bank cuts cash operation to record low as bond rally deepens.** China's central bank reduced the size of its daily open-market operation to a record low, extending efforts to absorb excess cash as a rally in bonds drove benchmark yields to their lowest since August. The People's Bank of China (PBOC) lent banks 200 million yuan (\$38 million) via seven-day reverse repurchase agreements on Tuesday (Jun 2), the lowest-ever amount in a daily open market operation, according to data compiled by Bloomberg. Barely offsetting maturities due on the day, the operation resulted in a net withdrawal of 248.8 billion yuan of liquidity from the banking system. The move marks the latest step by the central bank to mop up excess funds that accumulated as loan growth slowed sharply. The liquidity glut has helped drive borrowing costs to multi-year lows and fuelled a rally in bonds. The yield on benchmark 10-year notes ended at 1.7 per cent on Monday, the lowest since August, as a private gauge of manufacturing activity showed the world's second-largest economy is losing some steam.
<https://www.businesstimes.com.sg/companies-markets/banking-finance/chinas-central-bank-cuts-cash-operation-record-low-bond-rally-deepens>
- ✓ **Yen Weakness Triggers Fresh Verbal Warning.** The Japanese yen weakened beyond 159.5 per dollar on Tuesday, moving closer to the key 160 level that previously prompted official intervention to support the currency, drawing renewed verbal warnings from Tokyo. Finance Minister Satsuki Katayama stated that ministry officials remain in close communication with their counterparts in Washington regarding foreign exchange developments. Data released on Friday showed that Japanese authorities spent ¥11.7 trillion on currency intervention in late April, confirming widespread market speculations. Meanwhile, investors are pricing in roughly a 78% probability that the Bank of Japan will raise interest rates again later this month as inflationary pressures linked to the Middle East conflict continue to intensify.
<https://tradingeconomics.com/japan/currency/news/555551>
- ✓ **South Korea overtakes India as world's sixth-largest stock market.** South Korea's equity market has overtaken India's as the world's sixth largest, driven by a relentless surge in chip heavyweights powering the global artificial intelligence buildout. The total market capitalisation of South Korea-listed companies has soared 86 per cent this year to US\$5 trillion, while India's has declined to US\$4.8 trillion, data compiled by Bloomberg show. Samsung Electronics and SK Hynix, newly minted members of the US\$1 trillion valuation club, have powered South Korea's equity surge, lifting the KOSPI's 2026 gains to more than 100 per cent through their dominance in AI memory chips. South Korea has vaulted past Canada, Germany, the UK, and France this year. India, meanwhile, has been dragged lower by a weakening rupee, record foreign outflows and a dearth of companies directly linked to the AI infrastructure. While South Korea has overtaken in market value, India's US\$4.15 trillion economy, among the fastest growing in the world, still trumps Seoul's US\$1.93 trillion gross domestic product, according to International Monetary Fund estimates.
<https://www.businesstimes.com.sg/companies-markets/capital-markets-currencies/south-korea-overtakes-india-worlds-sixth-largest-stock-market>
- ✓ **Indonesia Trade Surplus Smallest Since 2020.** Indonesia's trade surplus declined to USD 0.09 billion in April 2026 from USD 0.20 billion in the same month last year, falling well below expectations of USD 1.5 billion, marking the smallest trade surplus since Indonesia posted a deficit in April 2020. Imports jumped 22.49% yoy, accelerating sharply from 1.51% in March, above estimates of 2.52%, with oil and gas imports soaring 85.52%, while non-oil and gas imports rose 14.11%. Meanwhile, exports surged 21.98%, rebounding sharply from a 3.1% decline in March and far exceeding forecasts of 8.8%, marking the strongest growth since August 2022. Non-oil and gas exports surged 23.36%, while oil and gas exports fell 1.20%, due to a sharp decline in crude oil (-35.54%) and natural gas (-13.28%). By destination, non-oil and gas exports increased mainly to top trading partners: the US (38.72%), China (29.56%), Japan (10.03%), and ASEAN (13.26%). For the first four months of 2026, the country registered a USD 5.64 billion trade surplus.
<https://tradingeconomics.com/indonesia/balance-of-trade/news/555595>
- ✓ **Indonesia Inflation Tops Expectations.** Indonesia's annual inflation accelerated to 3.08% in May 2026 from an eight-month low of 2.42% in the prior month, surpassing market expectations of 2.97%. Despite the pickup, inflation remained within the central bank's target range of 1-1/2% to 3-1/2%. Core inflation, which strips out volatile food and administered prices, quickened to a three-month high of 2.59% from 2.44% in April. On a monthly basis, consumer prices increased 0.28%, up from a 0.13% rise in April and well above forecasts of 0.14%.
<https://tradingeconomics.com/indonesia/inflation-cpi/news/555584>
- ✓ **Eurozone Inflation Hits 2-1/2-Year High.** Eurozone consumer price inflation reached 3.2% in May 2026, up from 3.0% in April and matching market expectations, according to preliminary data. This marks the highest rate since September 2023, staying significantly above the European Central Bank's 2.0% target. Energy costs surged 10.9%, the steepest rise since February 2023, fueled by supply constraints tied to the Middle East conflict. Prices also accelerated for services (3.5% vs. 3.0% in April) and non-energy industrial goods (0.9% vs. 0.8%), while inflation for food, alcohol, and tobacco eased (2.0% vs. 2.4%). The core rate, excluding energy and food, climbed to 2.5% from 2.2%, suggesting broadening price pressures beyond energy. Among major Eurozone economies, inflation picked up in Spain (3.6% vs. 3.5%), the Netherlands (3.4% vs. 2.5%), Italy (3.3% vs. 2.8%), and France (2.8% vs. 2.5%), but slowed in Germany (2.7% vs. 2.9%).
<https://tradingeconomics.com/euro-area/inflation-cpi/news/555734>
- ✓ **Not a Brexit reversal: UK seeks closer EU ties to cut trade barriers.** Britain is seeking closer alignment with the European Union in a bid to reduce post-Brexit trade barriers, lower costs for businesses and consumers, and revive economic growth nearly a decade after leaving the bloc. The government has said the move is not about reversing Brexit, but about easing the economic friction that followed by improving trade with the United Kingdom's largest collective trading partner. The issue comes nearly a decade after the Brexit referendum on Jun 23, 2016, when the UK voted to leave the EU. Economists estimate Brexit has cost the British economy between US\$200 billion and US\$300 billion in lost growth. Now, Westminster believes closer cooperation with the EU in key industries could help recover some of that lost economic activity. The government argues that deeper cooperation with the EU is in Britain's national interest.
<https://www.channelnewsasia.com/world/uk-britain-eu-ties-alignment-trade-brexit-6155881>
- ✓ **Fed's Powell warns Trump's political 'stress test' will wreck public trust in central bank.** Former Federal Reserve Chair Jerome Powell warned that attempts by the U.S. government to exert greater political pressure on the central bank will damage public confidence in its independence. Powell — whose time as Fed chair concluded on May 15 — said the central bank, along with other institutions such as the courts and universities, is facing a political "stress test" from Trump's administration. Speaking at the John F. Kennedy Library Foundation in Boston, Powell highlighted the White House's push for his resignation, a Department of Justice criminal investigation into his time as chair and attempts to fire Fed Governor Lisa Cook. "If any administration finds a way to remove Fed officials over policy differences, then future

administrations will do so as well," Powell said while accepting the John F. Kennedy Profile in Courage Award. "The public would lose faith that the central bank will make decisions based only on what's best for all Americans." "Democratic institutions take much time, effort, and patience to build but can be torn down all too quickly," Powell said in his first public remarks since his time as chair concluded. "It is essential that we preserve what is good about these institutions, even as we strive to improve them."


<https://www.cnn.com/2026/06/01/federal-reserve-trump-political-pressure-powell-stress-test.html>


- ✓ **Trump administration proposes 25% tariff to punish Brazil over trade practices.** The Trump administration has proposed a new punitive tariff of 25 per cent on many imports from Brazil, after deciding its practices were unfair on a range of issues from digital trade to illegal deforestation, top trade official Jamieson Greer said on Monday (Jun 1). The measures, under the Section 301 trade legislation, cover areas such as electronic payment services, preferential tariffs, intellectual property protection and ethanol market access as well, the Office of the United States Trade Representative (USTR) said. It proposed the new duties as it released the results of its unfair trade practices investigation into Brazil that started last year under Section 301 of the Trade Act of 1974. In a statement, Greer said that he launched the Section 301 investigation to tackle "longstanding and pervasive US concerns with certain of Brazil's trade policies and practices". The trade agency invited comment on the proposed tariffs till Jul 1, with a public hearing set for Jul 6. It faces a Jul 15 deadline for taking "responsive action" in the Section 301 investigation. Trump used the same statute to impose sweeping tariffs on Chinese goods during his first term.
<https://www.businesstimes.com.sg/international/trump-administration-proposes-25-tariff-punish-brazil-over-trade-practices>

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Van Gogh
wrote to
his brother
Theo, 1883:

'Hoping for better times
mustn't be a feeling but a
doing something in the
present.'

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OTHER REFERENCES / EXTERNAL LINKS

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