



BAIPHIL MARKET WATCH

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

19 June
2026

Legend

- Improvement / Up
- Deterioration / Down
- No Movement

FINANCIAL MARKETS AT A GLANCE



Currency Exchange ¹	Current	Previous
USD/PHP	60.5670	60.3930
USD/JPY	160.7300	160.6500
USD/CNY	6.7659	6.7575
EUR/USD	1.1484	1.1502
GBP/USD	1.3243	1.3293

PHP BVAL Reference Rates ²	Current	Previous
30-Day	4.7482	4.7313
91-Day	5.0907	5.0533
180-Day	5.5793	5.5182
1-Year	6.0035	6.0023
3-Year	6.4581	6.4474
5-Year	6.6823	6.6739
10-Year	6.9763	6.9099

Domestic Stock Index ³	Current	Previous
PSEi	6,153.66	6,114.81
Trade Value (Php B)	7.148	8.252

Stock Index ⁴	Current	Previous
NIKKEI 225	71,053.49	69,902.25
FTSE 100	10,399.70	10,508.61
DOW JONES	51,564.70	51,492.55
S&P 500	7,500.58	7,420.10
NASDAQ	26,517.93	26,021.66

Various ^{5/6}	Current	Previous
Brent Crude (USD/bbl)	78.66	79.55
3-M US Treasury Yield	3.83%	3.83%
5-Y US Treasury Yield	4.23%	4.27%
10-Y US Treasury Yield	4.46%	4.49%



PHILIPPINES



- ✓ **PSEi rebounds as US-Iran accord lifts sentiment.** Local stocks bounced back on Thursday as investors welcomed signs of easing conflict in the Middle East, raising hopes of more stable oil supplies and a softer inflation outlook. The benchmark Philippine Stock Exchange Index (PSEi) climbed 0.64 percent, or 38.85 points, to close at 6,153.66, recovering part of the previous session's losses. "Gains were sustained for most of the session, although selective profit-taking emerged in the afternoon, particularly among interest rate-sensitive stocks. This came after the Bangko Sentral ng Pilipinas maintained its tightening stance and continued its rate hikes, prompting investors to reassess sectors exposed to higher borrowing costs," Limlingan said. Foreign investors provided support to the market, ending the session as net buyers with inflows amounting to P167.55 million.
<https://business.inquirer.net/595897/psei-rebounds-as-us-iran-accord-lifts-sentiment>
- ✓ **Peso drops further on hawkish Fed bets.** The peso dropped further against the dollar on Thursday following hawkish signals from the US Federal Reserve and as the Bangko Sentral ng Pilipinas (BSP) held its own policy meeting. The currency sank by 17.4 centavos to close at P60.567 versus the greenback from P60.393 on Wednesday, based on Bankers Association of the Philippines data posted on its website. The peso weakened after the Fed held benchmark borrowing costs steady but gave hawkish signals, a trader said by phone. Meanwhile, the peso's decline also came after the BSP hiked rates at its own meeting on Thursday but signaled a more "measured" stance, the trader added.
<https://bworldonline.com/banking-finance/2026/06/19/757750/peso-drops-further-on-hawkish-fed-bets/>
- ✓ **BSP lifts interest rates anew as inflation pressures broaden.** Citing sustained price pressures, the Bangko Sentral ng Pilipinas (BSP) raised its key borrowing rate by 25 basis points to 4.75 percent from 4.5 percent, marking the monetary authority's second consecutive benchmark hike. This hawkish move signals that despite a slight dip in recent headline numbers, the battle against inflation is far from over. "I won't say the worst is over," BSP Governor Eli M. Remolona Jr. told a press briefing on Thursday, June 18, referring to the persistent price pressures. "Today's policy action will help keep inflation expectations anchored and mitigate the risk of second-round effects," the BSP said, having previously warned that unanchored expectations could take root amid incessant oil shocks. The central bank justified the additional rate hike on expectations that headline inflation will remain elevated, maintaining its forecast that average inflation will sit above the 2-to-4 percent target band through 2027. During the meeting, the BSP raised its inflation projections for 2026 and 2027 to 6.4 percent and 4.5 percent, respectively, up from its previous forecasts of 6.3 percent and 4.3 percent. Against this backdrop, the BSP assured that it stands "prepared to take further monetary action as needed" to bring price growth back to target. Remolona added that another quarter-point hike remains on the table under the BSP's current forward guidance.
<https://mb.com.ph/2026/06/18/bsp-lifts-interest-rates-anew-as-inflation-pressures-broaden>

- ✓ **Banks' agri loans near P3 trillion as of March.** Philippine banks lent nearly P3 trillion to the domestic agriculture sector in the first quarter, exceeding the minimum required financing, preliminary Bangko Sentral ng Pilipinas (BSP) data showed. As of March, loans extended to the agriculture sector reached P2.871 trillion, accounting for 88.16% of the banking system's P3.256-trillion total loanable funds during the period. This meant banks' lending to the agriculture sector topped the BSP's quota for agriculture, fisheries and rural development (AFRD) financing. Based on data posted on the BSP's website, domestic lenders' AFRD financing in the first quarter was 30.56% higher than the P2.199 trillion it disbursed in the same period last year. It was also up by 2.24% from the P2.808 trillion lent to the farm sector in the fourth quarter of 2025. Michael L. Ricafort, chief economist at Rizal Commercial Banking Corp., said private entities requiring funding for advanced technologies to be used for the local agriculture sector may have helped boost AFRD financing in the country. Meanwhile, looming risks from this year's El Niño season could help spur loan demand from the local farm sector, as dry conditions endanger the sector, according to Mr. Ricafort.
<https://bworldonline.com/top-stories/2026/06/19/757759/banks-agri-loans-near-p3-trillion-as-of-march/>

- ✓ **Goodbye P50 fees? DOF plans to bring local bank transfer costs down to P2.** Speaking during a media roundtable, Finance Secretary Fredrick D. Go said that reducing these transaction costs is a primary agenda of his leadership, citing the stark gap between local fees and those in neighboring Asian nations. "There's one thing I'm obsessing about—the very high digital transaction costs in the Philippines," Go told reporters, pointing out that local transaction fees can soar to as high as P50, while regional peers charge only cents or nothing at all. For Go, the ideal cost could be as low as P2, noting that payment operations still incur basic processing fees. To set the pace, the Department of Finance (DOF) is already putting the government's own financial machinery to work. As chairman of the Land Bank of the Philippines (Landbank), Go shared that he did not mince words with the state-run lender's executives when questioning their previous P15 transaction fee. That directive prompted the state-run lender to slash its person-to-person (P2P) fees from P15 to P8. Go believes this move will spark a chain reaction across the industry. Clearing hidden technical friction is another hurdle the existing system needs to overcome. According to Go, banks within the domestic financial system must achieve true interoperability, allowing users to transfer funds across institutions without incurring steep penalties. If digital transactions must have any costs at all, those should ideally be limited to minimal switching fees, Go noted. The Finance chief added that industry feedback on these measures is currently being solicited, with ongoing talks between the DOF, the Bankers Association of the Philippines (BAP), and the Fintech Alliance PH—efforts he said align with the central bank's overarching direction. The Bangko Sentral ng Pilipinas (BSP) previously sought to require operators of payment systems (OPS) to price fund transfer charges in line with market rates. Under the central bank's framework, however, initial plans to completely eliminate fees on small-value fund transfers were ultimately shelved. Go's agenda also targets lowering remittance costs for overseas Filipino workers (OFWs). Lawmakers have also picked up the mantle, pushing for the passage of the OFWs Remittance Protection Act, a measure that aims to reduce remittance fees for OFWs by half to protect offshore workers from excessive charges and financial exploitation.
<https://mb.com.ph/2026/06/18/goodbye-50-fees-dof-plans-to-bring-local-bank-transfer-costs-down-to-2>

- ✓ **Gov't records biggest share in 2025 health care financing –PSA.** Government and compulsory contributory health care financing schemes accounted for the largest share of the country's current health expenditure (CHE) in 2025, contributing 46.5 percent of the total, according to the Philippine Statistics Authority (PSA). In a report released Thursday, the PSA said household out-of-pocket payments made up 41.2 percent of CHE, while voluntary health care payment schemes accounted for 12.3 percent. Meanwhile, the country's total health expenditure (THE) reached PHP1.87 trillion at current prices in 2025, up 15.1 percent from PHP1.63 trillion in 2024. The PSA said THE was equivalent to 6.7 percent of the country's gross domestic product in 2025. Current health expenditure accounted for 92.5 percent of total health expenditure during the year, while health capital formation expenditure comprised the remaining 7.5 percent. On a per capita basis, health spending rose to PHP15,223 in 2025, representing a 14-percent increase from PHP13,356 in 2024, the PSA added.
<https://www.pna.gov.ph/articles/1277532>

- ✓ **GEA-All suspension extended for two more months.** The Energy Regulatory Commission (ERC) will extend the suspension of the Green Energy Auction Allowance (GEA-All) collection through the July and August billing periods, an official said Thursday. "Just yesterday, the commission approved the extension of the suspension for another two months," ERC director Sharon Montañer said during The Energy Tightrope forum presented by Inquirer Group of Companies and Asia ESG Positive Impact Consortium. In May, power regulators suspended the collection of the 37-centavo-per-kWh charge for all consumers to ease the impact of high electricity costs. The GEA-All charge funds renewable energy projects, including solar, wind and hydro facilities across the Philippines. This supports the government's green power auction program, designed to entice more investments in the sector.
<https://business.inquirer.net/595895/gea-all-suspension-extended-for-two-more-months>

- ✓ **PPP Center eyes more local PPPs through new LGU guidelines.** The Public-Private Partnership (PPP) Center is pushing for more local infrastructure PPP projects, as an upcoming joint memorandum circular (JMC) with the Department of the Interior and Local Government (DILG) is expected to guide local government units (LGUs) in tapping private-sector participation. PPP Center Executive Director Rizza Blanco-Latorre told reporters on the sidelines of the Asia Infrastructure Forum (AIF) 2026 last Wednesday, June 17, that the agency has completed a draft of the proposed JMC, which would guide LGUs in implementing projects under the PPP Code of the Philippines, enacted in 2023, and its implementing rules and regulations (IRR), which took effect in 2024. According to Blanco-Latorre, the PPP Center aims to have the JMC finalized and issued within the second half of 2026, preferably in the third quarter, so the agency could spend the remainder of this year cascading the guidelines to LGUs. "We observed that many LGUs still do not know that there is the PPP Code that they can actually use as a framework to deliver their projects through PPPs," despite the government's training and capacity-building activities, she said. Blanco-Latorre said the initiative forms part of a broader effort to increase the number of local PPP projects and make their geographic distribution more balanced. To date, the country has 251 PPP projects in various stages of development, approval, procurement, and implementation, with a combined cost of about P3.1 trillion, the latest PPP Center data showed. Of the total, 166 PPP projects are national in scope, while only 85 are local projects. The disparity is more pronounced in terms of value, with local PPP projects accounting for just P133 billion of the country's P3.1-trillion PPP pipeline. While achieving parity between national and local PPP projects will take time, Blanco-Latorre said the PPP Center hopes to narrow the gap through capacity-building initiatives and stronger partnerships with government institutions.
<https://mb.com.ph/2026/06/18/ppp-center-eyes-more-local-ppps-through-new-lgu-guidelines>

- ✓ **PCC pushes to ban exclusive developer-water provider deals.** The Philippine Competition Commission (PCC) said the government should ease regulatory restrictions that foster monopolies in the water distribution sector, a move aimed at empowering consumers to choose their own water service providers (WSPs). In a recent market study, the PCC noted that while water distribution is traditionally a natural monopoly, where high infrastructure costs make it most efficient for a single provider to serve a specific area, opportunities for competition still exist. "On the issue of consumer choice, as the industry is typically a natural monopoly, it is understood that consumer choice may be limited," the

study read. While the existing regulatory framework does not legally bind households to a single utility, these early development choices effectively lock residents into a specific WSP. Even in rare situations where consumers technically have a choice between multiple WSPs, the study found that switching providers is often impractical due to high friction costs. To foster a more competitive market, the PCC recommended banning or restricting exclusivity arrangements between developers and WSPs, thereby granting consumers the right to switch providers based on their needs. Additionally, the commission is pushing for a centralized online platform to give consumers transparent data on different WSPs, including service quality ratings, pricing, and user reviews.

<https://mb.com.ph/2026/06/18/pcc-pushes-to-ban-exclusive-developer-water-provider-deals>

- ✓ **Wealthy resorts, vacation homes pocket millions of pesos in electricity subsidies—PIDS.** State-run think tank Philippine Institute for Development Studies (PIDS) is urging the government to overhaul its energy subsidy frameworks, warning that design flaws are allowing wealthy households and profitable private resorts to capture millions of pesos intended for marginalized consumers. In an eight-page policy study, PIDS flagged systemic “inclusion errors” in the country’s three major power relief initiatives: the Universal Charge for Missionary Electrification (UCME), the lifeline rate discount, and the senior citizen power subsidy. Originally designed to cushion low-income families from some of the highest electricity rates in Southeast Asia, these programs are heavily leaking benefits to non-targeted users, the study found. According to PIDS researchers, the fundamental weakness in all three programs is a reliance on single-dimensional eligibility criteria rather than comprehensive income assessments. To arrest the spiraling costs and protect vulnerable consumers, PIDS recommended transitioning to multi-dimensional targeting that integrates strict income verification checks. The think tank also proposed introducing a gradual degression mechanism, which would systematically phase out UCME subsidies for off-grid areas as they become economically self-sustaining and commercially viable.
<https://mb.com.ph/2026/06/18/wealthy-resorts-vacation-homes-pocket-millions-of-pesos-in-electricity-subsidiespids>
- ✓ **Pag-ibig cuts home loan rates to as low as 4.5%.** The Pag-ibig Fund has cut housing loan rates to as low as 4.5 percent for homes priced above the socialized housing ceiling, offering qualified borrowers cheaper financing until the end of 2026. In a statement on Thursday, Pag-ibig said housing loans or installment payments above the socialized housing ceiling—currently set at P950,000 for house-and-lot units and P1.8 million for condominium units—up to the P2.5-million low-cost housing ceiling will carry an interest rate of 4.5 percent per annum. Meanwhile, Pag-IBIG will charge a 5.75% annual interest rate on loans above P2.5 million up to P10 million. Pag-IBIG will fix both promotional rates for three years before repricing the loans based on the borrower’s chosen repricing period. The state-run fund said the lower rates would translate to smaller monthly payments for borrowers during the initial years of their loans. Qualified members may avail themselves of the promotional rates for housing loan and acquired-assets installment applications filed until Dec. 31, 2026.
<https://business.inquirer.net/595879/pag-ibig-cuts-home-loan-rates-to-as-low-as-4-5>
- ✓ **BPI adds peso options for global equity funds.** Ayala-led Bank of the Philippine Islands (BPI) is launching peso share classes for two global equity funds, allowing Filipinos to invest abroad without converting peso into dollars. BPI Wealth launched peso share classes for the BPI World Technology Feeder Fund and BPI Global Equity Fund of Funds on Thursday. This launch expands BPI Wealth’s lineup of peso-denominated global investment products, which Filipinos can access for as little as P1,000, and comes as the bank pushes portfolio diversification amid heightened market volatility. The BPI World Technology Feeder Fund invests in a single target fund, the BlackRock World Technology Fund. Meanwhile, the BPI Global Equity Fund of Funds provides diversified exposure across multiple underlying funds and global markets. BPI Wealth chief investment officer Luis Antonio Zialcita said foreign exchange movements will still affect investors as underlying assets are invested overseas. Still, Zialcita said currency exposure can help diversify portfolios.
<https://business.inquirer.net/595893/bpi-adds-peso-options-for-global-equity-fund>
- ✓ **CBS defies macro winds with 5-year branch network push.** China Bank Savings Inc., the thrift retail banking arm of Sy-led China Banking Corp., plans to push forward with its brick-and-mortar expansion, leaning on wider consumer margins to buffer against persistent inflation and elevated global interest rates. James Christian Dee, CBS president, said the savings bank aims to open 15 new branches annually over the next five years, targeting a total footprint of 220 locations within the next two to three years. To insulate its balance sheet from systemic shocks, the lender is doubling its credit provisions compared to last year. The aggressive provisioning comes despite cooling of certain geopolitical risks, such as the signing of a peace accord between the United States (US) and Iran. The lender’s focus on the retail segment and small and medium enterprises provides an inherent defensive shield against global interest rate volatility, according to the CBS executives. Middle East conflicts and subsequent macroeconomic ripple effects are widely expected to keep borrowing costs elevated across emerging markets. The expansion strategy relies heavily on localized physical touchpoints to acquire lower-cost deposits. So far this year, the bank has opened five standard branches and upgraded 10 branch-lite units.
<https://mb.com.ph/2026/06/18/cbs-defies-macro-winds-with-5-year-branch-network-push>
- ✓ **Alliance Global bets on mass tourism, premium whisky to fight headwinds.** Alliance Global Group Inc. (AGI), the holding company of tycoon Andrew Tan, is confident that its growth trajectory remains intact, credit to a diversified investment portfolio that keeps it resilient against ongoing geopolitical challenges. “We entered 2026 with a strong balance sheet and sufficient liquidity across the group, which is what really matters when the outlook is uncertain like this,” said AGI President and CEO Kevin L. Tan during the firm’s annual stockholders’ meeting. He noted that while inflation, high interest rates, and softer global demand persist, “our subsidiaries each carry healthy cash positions and well-managed debt, and that gives us room to absorb shocks without compromising our growth plans.” Diversification across its property, spirits, and tourism businesses—as well as across its products and services—continues to work in AGI’s favor, mitigating risks amid a tougher economic cycle. Megaworld remains the primary growth engine for the group, and Tan noted that “it is performing very, very well.” Meanwhile, Travelers International Hotel Group Inc. will reinforce its presence in the leisure and tourism segment. Concurrently, Emperador Inc. continues to invest in its brands—particularly in Scotch whisky, where the long-term premiumization opportunity lies—while driving cost efficiencies across the business to protect and expand margins.
<https://mb.com.ph/2026/06/18/alliance-global-bets-on-mass-tourism-premium-whisky-to-fight-headwinds>
- ✓ **MerryMart to delist as DoubleDragon mops up 99% of retailer’s shares.** DoubleDragon Corp. has acquired nearly 99 percent of MerryMart Consumer Corp.’s minority shares through a mandatory tender offer, clearing the path for the grocery retail chain to voluntarily delist from the Philippine Stock Exchange (PSE). The ₱758 million transaction, internally dubbed “Project Solidify,” aimed to buy out MerryMart’s public float of 1.58 billion shares, which represented 20.79 percent of its 7.59 billion outstanding capital stock. The consolidation is designed to integrate MerryMart directly into DoubleDragon’s ecosystem to streamline operations, cut costs, and optimize corporate synergies. Both companies are controlled by Philippine tycoons Edgar Sia II and Tony Tan Caktiong, the founder of Jollibee Foods Corp. The transaction is

intended to enable MerryMart shareholders to retain a stake in the parent company at a favorable valuation, according to Sia, who serves as chairman of MerryMart and co-chairman of DoubleDragon. As a direct subsidiary of DoubleDragon, which holds ₱225.3 billion in total assets, MerryMart is expected to benefit from an enhanced credit profile and a stronger financial position. The management teams of both companies will combine forces to leverage the retail and real estate footprints of the Injap Group and the Jollibee Group. The restructuring aligns with DoubleDragon's broader corporate strategy through 2035. The property developer plans to expand its domestic subsidiaries—including MerryMart, CityMall, DDMP REIT Inc., and CentralHub—across all 82 provinces in the Philippines. Simultaneously, the group is pushing the international expansion of its Hotel101 condotel brand, targeting a presence in 100 countries. Following the near-total absorption of the public float, MerryMart will proceed with its formal petition for voluntary delisting from the local bourse, shifting its operational growth entirely under the umbrella of the broader DoubleDragon group.

<https://mb.com.ph/2026/06/18/merrymart-to-delist-as-doubledragon-mops-up-99-of-retailers-shares>



REST OF THE WORLD



- ✓ **Asian stocks steady, oil lower as US and Iran sign peace deal.** Asian stocks were steady and oil prices dipped on Thursday (Jun 18) as investors assessed progress toward ending the war in the Middle East after the presidents of the US and Iran signed an interim peace deal, though uncertainties still hovered. Both countries released the text of the agreement, which had already circulated widely before its contents were published. It extends a ceasefire announced in April by another 60 days to allow the two sides to negotiate a final truce. MSCI's broadest index of Asia-Pacific shares outside Japan was flat. Japan's Nikkei share average rallied to another record high, surging past the 71,000 level for the first time, on solid gains in semiconductor and AI-related shares, while South Korean shares gained 0.9 per cent. <https://www.channelnewsasia.com/business/asian-stocks-oil-price-us-iran-sign-peace-deal-6191881>
- ✓ **Eurozone Stocks Extend Record High.** European stock indices closed mixed on Thursday as support from lower inflationary risks weighed against sector-specific losses. The Euro STOXX 50 gained 0.5% to a new record of 6,331 and the STOXX Europe dropped 0.4% to 637 amid pressure from heavyweight pharmaceutical, miners, and energy producers. US President Trump signed the memorandum of understanding with Iran that suspends the war for 60 days and restores the flows of fuel tankers through the Strait of Hormuz, lowering energy prices and reducing concerns that the ECB would deliver more rate hikes this year. <https://tradingeconomics.com/euro-area/stock-market/news/560153>
- ✓ **Wall Street indexes advance with boost from chips, US-Iran deal optimism.** US stock indexes rallied on Thursday (Jun 18), with the Nasdaq's 1.9 per cent advance boosted by gains in semiconductor shares, while inflation fears eased after the US and Iran signed a peace agreement, although investors still priced in interest rate hikes in 2026 from the US Federal Reserve. The Philadelphia semiconductor index sharply outperformed the rest of the market with a 6.4 per cent rally as Intel's shares jumped to a record high and finished up 10.6 per cent. Traders were betting on a roughly 50 per cent chance of a 25-basis-point rate hike as soon as September and a roughly 20 per cent probability for a 50-basis-point hike, according to CME Group's FedWatch tool. Investors were still assessing Warsh's indication that the Fed would provide less guidance on future policy moves and his stated focus on price stability. Eric Johnston, chief equity and macro strategist at Cantor, said, "The conclusion today is that the Fed has more credibility around inflation." The Dow Jones Industrial Average rose 72.15 points, or 0.14 per cent, to 51,564.70, the S&P 500 gained 80.48 points, or 1.08 per cent, to 7,500.58 and the Nasdaq Composite gained 496.28 points, or 1.91 per cent, to 26,517.93. <https://www.businesstimes.com.sg/companies-markets/capital-markets-currencies/wall-street-indexes-advance-boost-chips-us-iran-deal-optimism>
- ✓ **Oil slips again as US, Iran sign peace deal.** Oil prices fell in early trading on Thursday after the U.S. and Iran signed an interim agreement that would end the Iran war, reopen the Strait of Hormuz and waive U.S. sanctions on Tehran's oil, resolving the largest energy supply disruption in history. Brent crude futures were down 89 cents, or 1.12 per cent, at \$78.66 a barrel as of 0005 GMT, and U.S. West Texas Intermediate fell 98 cents, or 1.28 per cent, to \$75.81 a barrel. The benchmarks resumed their decline, reversing gains made on Wednesday after Trump said he could resume his bombing campaign if Iran's leaders "don't behave". "The sell-off extended as energy markets continued to aggressively price in a faster-than-expected return of Iranian barrels following the recent U.S.-Iran memorandum of understanding," IG market analyst Tony Sycamore said in a note. <https://www.channelnewsasia.com/business/oil-slips-again-us-iran-sign-peace-deal-6191791>
- ✓ **Hormuz oil flows may recover to only 70% after Iran war: Goldman.** Oil flows going through the Strait of Hormuz may recover to only about 70 per cent of their prewar level, according to Goldman Sachs Group, which highlighted regional producers leaning on alternative routes. "This normalisation in gulf exports to prewar levels might be achieved with a 13-million-barrel-a-day increase in Hormuz flows from current levels," analysts including Yulia Zhestkova Grigsby wrote in a Jun 17 note entitled "70% of Pre-War Hormuz Flows Might Become the New 100%". The expected pickup in shipments may be completed by the end of July, with gulf production likely to recover by October, they said. Before the war, about 20 million barrels of oil and products used to flow through the strait every day, according to the International Energy Agency. The availability of ships is unlikely to be a constraint on the recovery in flows, with around 860 million barrels of empty tanker capacity positioned in the strait or within five days' of navigation, the analysts said. However, some shipowners may still be averse to sending vessels through the strait, they added. In June, the UAE said it was working on an ambitious plan to try to end its dependence on the chokepoint entirely, expanding its eastern ports of Dibba, Fujairah and Khor Fakkan – which sit outside the strait on the Gulf of Oman coast – and by building at least one new harbour on the same coastline. Kuwait, meanwhile, has said it was seeking pipeline alternatives to export its crude. State producer Kuwait Petroleum is in talks with Saudi Arabia and UAE about expanding their pipeline systems to handle Kuwaiti barrels, chief executive officer Sheikh Nawaf Al-Sabah told a conference. <https://www.businesstimes.com.sg/companies-markets/transport-logistics/hormuz-oil-flows-may-recover-only-70-after-iran-war-goldman>

- ✓ **Gold Rebounds as US-Iran Deal Takes Effect.** Gold rose above \$4,300 an ounce on Thursday, recovering losses from the previous session after Trump signed an interim agreement to end the conflict with Iran and reopen the Strait of Hormuz. Reports indicated that the deal includes the swift reopening of the strait and the removal of sanctions on Iranian oil exports, while negotiations on nuclear issues and potential additional economic incentives for Iran are set to continue. Meanwhile, gold tumbled nearly 2% on Wednesday after the US Federal Reserve signaled increasing support for interest rate hikes this year.
<https://tradingeconomics.com/commodity/gold/news/559859>

- ✓ **China's 2.2 trillion yuan pile of bad consumer debt threatens economy.** As many as 100 million Chinese consumers are struggling to service their personal debt, fuelling a largely hidden crisis that threatens Beijing's efforts to revive the world's second-largest economy. Bad consumer loans from credit cards to mortgages have surged over the past few years. Non-performing household debt soared 21 per cent last year to a record of at least 2.2 trillion yuan (\$419 billion), according to Gavekal Dragonomics. Analysis from Zhejiang University's Institute of Financial Research said Chinese financial institutions could have non-performing personal debt totalling two trillion yuan to three trillion yuan to dispose of annually. The estimates suggest that as much as 10.6 per cent of China's 1.1 billion adult population were behind on debt payments at the end of 2025. The debt overhang is undermining national efforts to boost domestic consumption, with Chinese banks extending fewer new loans. Mounting repayment stress is also blunting the impact of loan subsidies intended to spur consumer spending on big-ticket items such as automobiles, home renovations, and electronics. Official data released earlier this week showed a retail sales slump not seen since the coronavirus pandemic, a worrying sign for the economy. Much of China's short-term debt boom has been driven by loan platforms operated by tech giants, including mobile payments leader Ant Group and short-video specialist ByteDance. They act as go-betweens for banks and borrowers, offering loans carrying annualised interest rates from 4 per cent to more than 24 per cent. China's household debt has nearly tripled over the past decade to about 83 trillion yuan. On paper, bad debt look manageable. Less than 3 per cent of household debt is non-performing, below the US delinquency rate of roughly 4.8 per cent. However, Beijing has little experience managing large-scale consumer defaults and lacks a nationwide personal bankruptcy framework to help individuals restructure or clear their obligations. Signs are now emerging that regulators are growing uneasy. For years, the high rates charged by online lenders acted as a financial cushion, allowing them to absorb default losses and remain profitable. The PBOC declined to comment, while the National Financial Regulatory Administration did not reply to a fax requesting comment.
<https://www.businesstimes.com.sg/international/chinas-2-2-trillion-yuan-pile-bad-consumer-debt-threatens-economy>

- ✓ **Japan intervention risk mounts as yen drops to lowest since 2024.** Yen watchers are on alert for the risk of intervention by authorities to prop up the currency after it hit its weakest level against the US dollar since July 2024. Japan's currency fell as much as 0.2 per cent to 160.80 per US dollar on Wednesday (Jun 17) before trading at around 160.70 on Thursday morning in Tokyo. The move overnight was driven by a rally in the US currency as traders added to bets that the US Federal Reserve will increase interest rates this year. Investors remain concerned that the Bank of Japan (BOJ) may not be raising borrowing costs fast enough to control inflation and remove pressure on the currency, even after lifting its benchmark interest rate on Tuesday. Deputy governor Shinichi Uchida said during a post-meeting press conference that the foreign exchange rate is important but not a policy target of the central bank. The latest move in the currency also comes despite a record 11.7 trillion yen (\$93.8 billion) intervention by authorities from Apr 28 to May 27. Japan likely drew on its holdings of foreign securities, including US Treasuries, to finance the intervention, according to Ministry of Finance (MOF) reserve data. Finance Minister Satsuki Katayama reiterated recently that authorities are prepared to respond to foreign exchange moves as needed at any time. Still, some strategists say recent moves in the yen do not warrant intervention. Speculators have boosted their bets against the yen to a nine-year high, signalling the revival of the yen carry trade despite intervention risks. Beyond current levels, the next key milestone for the yen would be 161.95, a break of which would bring it to the lowest level since December 1986 against the US dollar.
<https://www.businesstimes.com.sg/companies-markets/capital-markets-currencies/japan-intervention-risk-mounts-yen-drops-lowest-2024>

- ✓ **Indonesia Hikes Rates to Support Rupiah.** Bank Indonesia raised its key interest rate by 25 bps to 5.75% at its June 18, 2026, meeting, as widely expected, following a 25 bps hike at an off-schedule meeting on June 9 aimed at supporting the rupiah, taming inflation, and supporting economic growth. The central bank has raised rates by a total of 100 bps since May, bringing the policy rate to its highest level since April 2025. The annual inflation rate surged to 3.08% in May from 2.42% in April, nearing the upper end of BI's 1.5%-3.5% target range. However, the central bank expects to keep inflation within the government's 2.5% ±1% target range and maintained its economic growth forecast of 4.9%-5.7% for 2026. Bank Indonesia also raised the rates on its overnight deposit facility and lending facility by 25 bps each, to 4.75% and 6.50%, respectively.
<https://tradingeconomics.com/indonesia/interest-rate/news/559986>

- ✓ **Malaysia and Russia weigh using ruble, ringgit to boost trade.** Malaysian Prime Minister Anwar Ibrahim and Russian President Vladimir Putin discussed using local currencies in bilateral trade as part of efforts to strengthen economic ties. The leaders discussed "exploring mechanisms" to expand bilateral trade and investment using the ringgit and ruble, according to a statement from Malaysia's Prime Minister's Office on Thursday (Jun 18). They also reviewed opportunities for greater energy cooperation, including Russia's commitment to long-term collaboration on energy and oil supplies. The two also explored ways to expand economic ties. Anwar is in Kazan, some 800 km east of Moscow, to attend a two-day summit that Putin is hosting for Asean leaders that ends on Thursday. Russia has emerged as a key energy supplier to South-east Asia after the US-Israel war on Iran effectively closed the Strait of Hormuz, disrupting oil and gas supplies vital to the region's roughly 680 million people.
<https://www.businesstimes.com.sg/international/asean/malaysia-and-russia-weigh-using-ruble-ringgit-boost-trade>

- ✓ **Hong Kong Holds Base Rate at 4% After Fed Decision.** The Hong Kong Monetary Authority (HKMA) left its base rate unchanged at 4.0% on June 18, 2026, in line with the U.S. Federal Reserve's decision to keep its target range at 3.5%–3.75% at its first policy meeting under new Chair Kevin Warsh. The decision reflects Hong Kong's Linked Exchange Rate System, which pegs the Hong Kong dollar within a 7.75–7.85 per U.S. dollar trading band, requiring local interest rates to track U.S. monetary policy closely regardless of domestic economic conditions. Despite higher borrowing costs, Hong Kong's economy has remained resilient. Annual GDP growth accelerated to a near five-year high of 5.9% in the first quarter of 2026, supported by firm domestic demand and resilient external trade, even as businesses continued to navigate geopolitical tensions and supply chain disruptions stemming from the Middle East conflict.
<https://tradingeconomics.com/hong-kong/interest-rate/news/559866>

- ✓ **Europe tries to take on China without launching a new trade war.** The Group of Seven industrial nations this week pledged an ambitious target to diversify away from China, adding momentum to the European Union's own push to counter a growing trade imbalance with the

world's biggest export engine. The 27 EU capitals unanimously agree on the economic threat posed by China's trade policy if left unchecked. At a meeting on Thursday (Jun 18) in Brussels, the bloc's leaders are expected to discuss how to handle upcoming trade talks with Beijing and explore possible responses, including new trade tools. The EU is worried on multiple fronts: from a trade deficit with China that now exceeds one billion euros (\$1.5 billion) a day, fuelled partly by state-subsidised products, to Beijing's stranglehold on critical minerals and chips. Fears are growing that domestic European industries cannot withstand the onslaught much longer. The EU's chief trade negotiator, Maros Sefcovic, said this month that Europe's trade relationship with China was "simply not sustainable" and that "diversification requires a dedicated instrument". Those dynamics are feeding concerns that higher US tariffs are sending more Chinese goods to European shores. There's also a sharpened focus on the generous subsidies handed out by Beijing in its decades-long effort to upgrade its economy. Working in the EU's favour is the fact that China's economy is highly dependent on exports, given that its domestic demand remains weak. The bloc was China's second-largest export market last year, according to the country's foreign ministry, and remains an important buffer against a quickly cooling economy. And with the US drawing up more trade barriers, the EU's wealthy market with its 450 million inhabitants is crucial, making access to it a valuable piece of leverage. With China already cautioning that it will fight any EU moves to protect its industries and expand its policy toolkit, European officials realise they face a catch-22. But there's also a growing consensus that taking action now will be less costly over the long run than extending the status quo, and that the bloc cannot be paralysed by possible retaliation, officials said. The commission agrees that the European public needs to be made aware of the likelihood of greater trade frictions with China.

<https://www.business-times.com.sg/international/europe-tries-take-china-without-launching-new-trade-war>

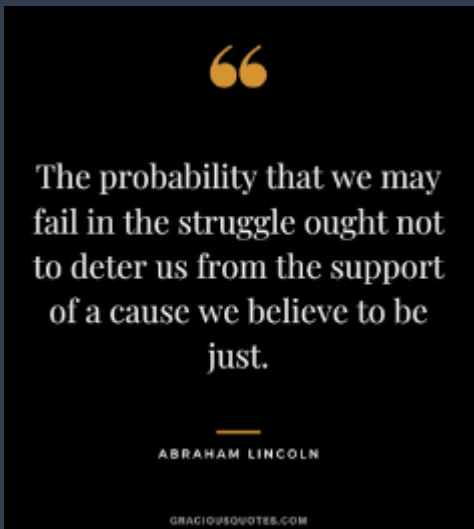
- ✓ **Bank of England holds interest rates at 3.75% amid Iran war peace prospects.** The Bank of England held U.K. interest rates at 3.75% on Thursday, as policymakers continue to balance the need to address above-target inflation with lackluster economic output. The hold, which was in-line with the expectations of economists polled by Reuters, was backed by seven of the nine monetary policy committee members in the BOE's May meeting. In a summary of its decision on Thursday, the BoE said that while prices have come down since the initial spike, the war "makes it hard to predict what is going to happen with them." "The impact on the economy and inflation will depend on how long energy prices stay raised," it said. "Monetary policy cannot affect global energy prices; our job is to make sure that higher inflation does not persist and have long-lasting effects on the economy. We are monitoring the situation very closely," it added. Despite Washington and Tehran reaching a breakthrough in peace negotiations, markets are still betting that the Bank of England will raise rates by the end of the year, according to LSEG figures.
<https://www.cnn.com/2026/06/18/inflation-interest-rates-uk-bank-of-england-iran-deal.html>
- ✓ **UK Jobless Rate Unexpectedly Falls to 4.9%.** The UK unemployment rate fell to 4.9% in the three months to April 2026, defying expectations that it would remain at 5.0%. The number of people holding second jobs decreased in the latest quarter to 1.277 million, accounting for 3.7% of all employed individuals.
<https://tradingeconomics.com/united-kingdom/unemployment-rate/news/559940>
- ✓ **Warsh promises a new vision for the Fed, as his colleagues eye a rate hike instead of a cut.** Under the new Fed chairman, officials voted Wednesday to hold interest rates steady for the fourth consecutive meeting, leaving their benchmark lending rate at a range of 3.5% to 3.75%. But that wasn't the biggest news. Fed officials hinted at a potential rate hike later this year to combat the latest inflation spike tied to the war with Iran, according to their latest economic projections. And during his first post-meeting news conference, Warsh announced task forces "in each of five areas that are central to the broad conduct of monetary policy." Warsh, who has long criticized central bankers' practice of releasing projections every quarter, did not submit his own. That was just one of many things that were different this Fed meeting: The Fed's policy statement got a makeover and is now much shorter; Warsh's news conference was also slightly shorter, at least compared to the ones conducted by his predecessor; and even more changes seem to be on the way. Warsh said the topics the task forces will be discussing "are timely, consequential, and worthy of a fresh look," adding he was "enlisting some of the very best minds, both inside and outside the economics profession." Warsh said he and his colleagues decided at this meeting to not give "forward guidance," or any hint where interest rates may be heading. He said that "was not well-suited to the current policy conjuncture." It's a stunning departure from how the Fed operated under former Fed leader Jerome Powell, which proactively gave markets forward guidance. Still, Warsh affirmed that he and his colleagues "will deliver price stability." Warsh didn't elaborate beyond what the projections and policy statement indicated.
<https://edition.cnn.com/2026/06/17/economy/fed-rate-decision-june-kevin-warsh>

UPCOMING BAIPHIL WEBINARS



TRAINING PROGRAMS		PROGRAM DETAILS		
COMMITTEE	TITLE	DATE	COURSE OUTLINE	REGISTRATION LINK
Finance and Audit Course Committee (FACCOM)	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 and their AML Risk Governance & Controls	July 30-31, 2026	PROGRAM DETAILS	REGISTER HERE
Governance, Legal, Regulatory and	Mandatory Lending (e.g., Agri-Agra Credit) Legal Framework, Regulations and Reporting	June 29, 2026	PROGRAM DETAILS	REGISTER HERE

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	Know Your Money and Counterfeit Detection	August 28, 2026	PROGRAM DETAILS	REGISTER HERE
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	Crisis Management	August 26, 2026	PROGRAM DETAILS	REGISTER HERE



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