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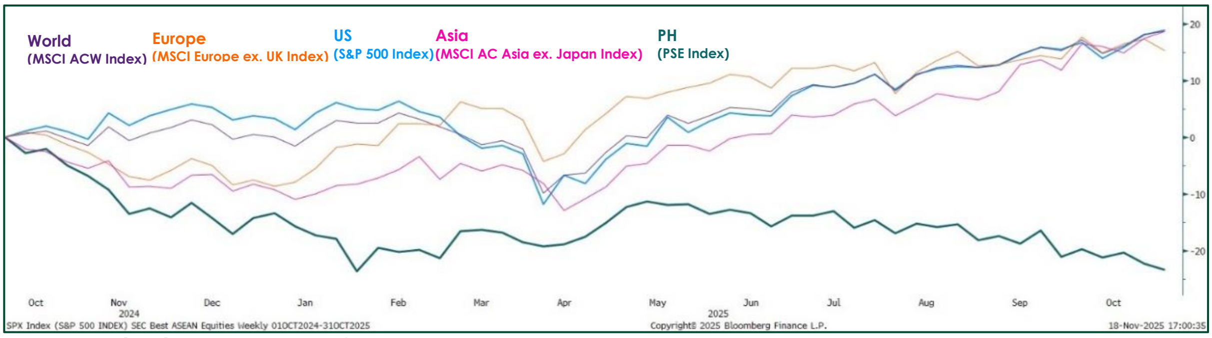
Global equities up amid softer inflation and rate-cut hopes; PSEi slightly dipped in October

Figure 1. ***Selected Equity Indices Weekly Movement, October 2024 – October 2025 (normalized % change)***



Basic Source: Bloomberg Finance L.P., 2025

Prepared by: ERTD-ERAD

1. Global equity markets rose in October 2025 **(Figure 1)**, supported by moderating inflation and expectations of lower interest rates and strong earnings. Gains were also boosted by artificial intelligence (AI) technology stocks and positive developments in trade and politics. Specifically, United States (U.S.) S&P 500 Index gained by 2.3% in October, bringing the year-to-date (YTD) returns to 17.5%. Japan also recorded strong performance, with the TOPIX Total Return up 6.2% and the Nikkei 225 rising 16.64% in yen terms.

2. Eurozone equities posted a modest gain of 2.5% amid positive economic developments, including easing inflation at 2.1%—the lowest since mid-2022—and slightly faster than expected economic growth of 0.2% in the third quarter. Eurozone equity markets were also supported by the unexpected acceleration in business activity, improving investor sentiment, slightly favorable valuations, and a pickup in industrial investment and reforms.

3. Alongside other international stock markets, the MSCI Asia excluding Japan also rallied by 4.5%, primarily caused by the surge of AI enthusiasm and positive developments in U.S.-China trade relations.

4. The Philippine Stock Exchange Index (PSEi) reflected a slightly cautious trading performance, declining 0.40% to close at 5,929.68 in October 2025. Investors, weighing both domestic and global factors, remained watchful of corporate earnings and economic developments. Among PSEi sectors, only the industrials and services posted positive changes of 1.02% and 5.21%, respectively (**Table 1**).

Table 1. ***PSEi Performance as of End of October 2025***

Index/Sector	Close	Comparative Change (%)	
		m-o-m	YTD
PSEi	5,929.68	(0.40)	(9.18)
All Shares	3,593.28	(0.76)	(4.14)
Financials	1,961.93	(4.46)	(9.07)
Industrials	8,867.22	1.02	(4.74)
Holding Firms	4,819.45	(1.26)	(14.55)
Property	2,165.73	(4.94)	(8.90)
Services	2,264.50	5.21	8.78
Mining and Oil	12,757.68	(0.62)	62.94

Basic Source: PSE, 2024; PSE, 2025a PSE, 2025b

Prepared by: ERTD-ERAD

5. Nevertheless, trading value and volume reached PHP177.46 billion and 66.68 billion shares, representing month-on-month (m-o-m) increases of 10.22% and 8.08%, respectively, reflecting investors' optimism and confidence. The increase in trading activity in October was also partly supported by the oversubscription of San Miguel Corporation's follow-on offering and Maynilad Water Services, Inc.'s initial public offering, which raised PHP30 billion and PHP34.34 billion, respectively. The market's weakness also led to a modest decline in the market capitalization, which dropped by 0.75% to PHP18.98 trillion from PHP19.12 trillion in September.

Sources: Madison Investments, 2025; PSE, 2024; PSE, 2025a; PSE, 2025b; PSE, 2025c; PSE, 2025d; Schroders, 2025

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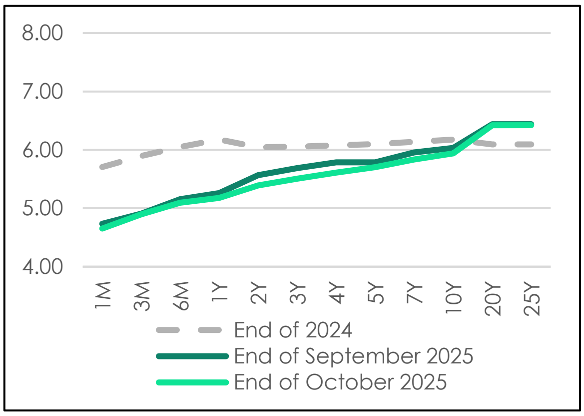
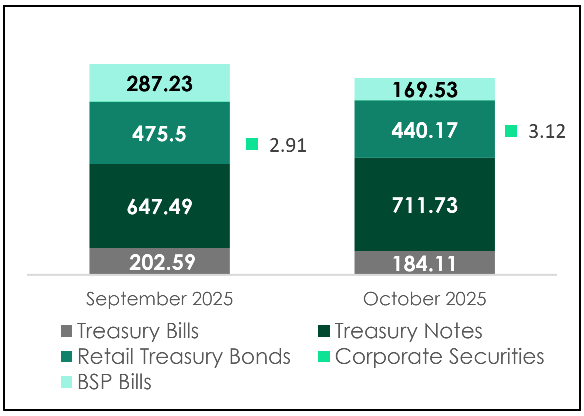
PH yields eased across the curve in October; Corp bond market strengthens as DoubleDragon raises PHP8.9B

Figure 2. ***End of Period Yields across Benchmark Tenors (%, BVAL Yield)***



Basic Sources: PDS, 2024a; PDS, 2025b; PDS, 2025c
Prepared by: ERTD-ERAD

Figure 3. ***PDEx Fixed Income Trade Volume Trends (in PHP Billion)***



Basic Source: PDS, 2025d
Prepared by: ERTD-ERAD

6. Global fixed income (FI) performance was mixed in October, with emerging market debt leading gains at +2.2%, supported by high real yields and a weaker U.S. dollar. High-yield bonds posted a modest +0.2%, while investment-grade credit slipped -0.1% as spreads widened. UK Gilts outperformed as 10-year yields fell by around 30 bps, and euro area government bonds rose roughly +0.9%, led by Italy (+1.2%) and Spain (+0.9%). In contrast, U.S. Treasuries weakened after markets priced out nearly two expected rate cuts, contributing to the -0.3% drop in the Bloomberg Global Aggregate Bond Index.

7. Benchmark yields eased across most tenors in October, with the curve shifting slightly downward from September 2025 **(Figure 2)**. Short-term rates fell modestly (–0.22% to –1.73%), reflecting improved liquidity and a stable policy outlook. Mid-term yields saw the sharpest declines—2Y (–3.11%), 3Y (–3.21%), and 4Y (–3.08%)—signaling stronger confidence in the medium-term inflation path and potential easing. Long-term tenors also moved lower, though more mildly, with the 7Y (–2.05%), 10Y (–1.57%), 20Y (–0.24%), and 25Y (–0.30%) easing slightly.

8. Total trade volume of government securities declined by 6.8%, falling to PHP1.51 trillion in October 2025 from PHP1.62 trillion in September **(Figure 3)**, driven largely by weaker activity in Treasury Bills and Bangko Sentral ng Pilipinas (BSP) Bills, which dropped to PHP184.11 billion (-9.12%) and PHP169.53 billion (-40.98%), respectively. In contrast, Treasury Note trading rose sharply to PHP711.73 billion (9.92%), indicating stronger demand for medium-term instruments amid easing yield pressures and improved sentiment. Retail Treasury Bond trading also decreased slightly to PHP 440.17 billion, while corporate securities trading remained minimal at PHP 3.12 billion, reflecting a broader shift toward medium-term government securities as short-term and central bank bill activity softened.

9. Amid these global and domestic fixed-income dynamics, the corporate bond market continued to demonstrate resilience. DoubleDragon Corporation successfully raised PHP8.9 billion through an oversubscribed Fixed Rate Bond issuance—exceeding 80% of the base plus oversubscription offer—reflecting strong investor appetite for high-quality corporate issuers despite a generally softer trading environment. PDEx President Stephanie Marie Zulueta noted that the issuance also comes at a strategically favorable time, as the Philippines moves closer to rejoining JPMorgan's GBI-EM, a development expected to boost foreign participation in both government and corporate bond markets. This issuance contributes to the sustained momentum in corporate fundraising, marking the 17th listing for 2025 and bringing YTD new listings to PHP350.77 billion, underscoring continued confidence in the domestic capital market even as investors recalibrate allocations amid shifting global yield conditions.

Sources: JP Morgan, 2025; PDS, 2024a; PDS, 2025b; PDS, 2025c; PDS, 2025d; PDS, 2025e

Securities and Exchange Commission PHILIPPINES
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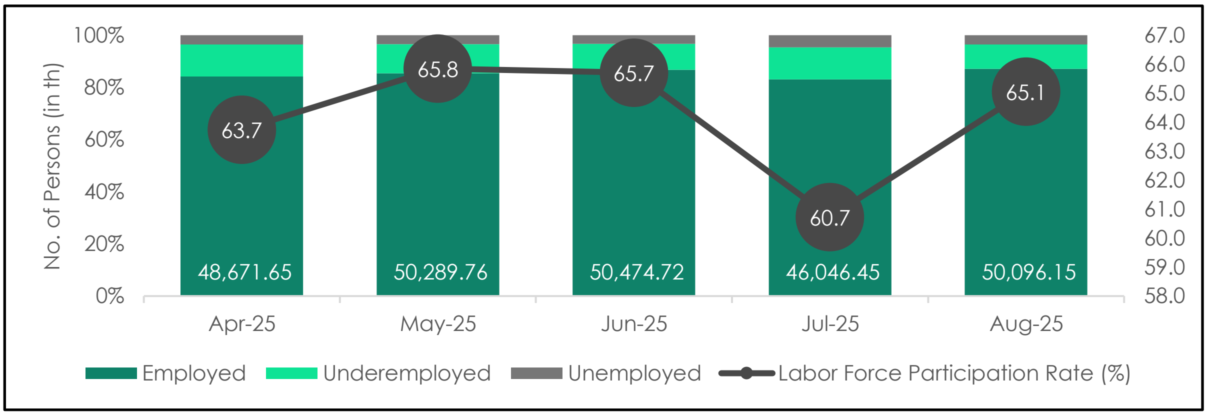
Philippine labor market indicators improved in August 2025; Policy efforts expand safeguards for Filipino freelance workers

Figure 4. ***PH Key Employment Indicators, April – August 2025***



Basic Source: PSA, 2025 Prepared by: ERTD-ERAD

10. Government policies promoting inclusive growth, skills development, and investments in high-value sectors helped sustain the country's resilient labor market conditions. According to the Philippine Statistics Authority's (PSA) latest Labor Force Survey (LFS), the employment rate rose to 96.1% in August 2025, representing 50.10 million employed individuals, up from 94.7% in July 2025 (**Figure 4**).

11. Correspondingly, the unemployment rate declined to 3.9% from 5.3% in July, reflecting employment gains across major sectors. The reduction in unemployment contributed to the easing of underemployment to 10.7%, from 14.8% in the previous month. Moreover, the labor force participation rate (LFPR) rose to 65.1% from 60.7% in July, representing 52.13 million persons aged 15 years and over in the labor force.

12. The services sector continued to account for the largest share of total employment at 61.5%, followed by agriculture (20.4%) and industry (18.1%). PSA Chief Dennis Mapa noted that industries most affected by July's typhoons posted strong rebounds in August. Agriculture saw the largest recovery, while retail trade and construction also improved. The sector added 293,000 jobs, reversing earlier losses.

13. Secretary Arsenio M. Balisacan of the Department of Economy, Planning, and Development (DEPDev) noted that the August LFS results reflect progress in the government's efforts to expand quality employment. Finance Secretary Ralph Recto added that improvements in key labor market indicators are resulting in better-quality employment opportunities for Filipinos.

14. Beyond job creation, the government is introducing measures to strengthen protections for workers outside traditional employment arrangements. A recent initiative includes the Department of Labor and Employment's (DOLE) "*Handog ng Pangulo 2025*" job fairs, which mobilized 1,061 employers and offered nearly 100,000 local and overseas job opportunities, broadening employment access at the community level. The government also implemented the *Turismo Asenso* Loan Program, with the objective of stimulating job creation by providing low-interest financing of up to PHP1 million for tourism-related micro, small, and medium-sized enterprises (MSMEs) to finance business expansion and product development.

15. Similarly, under the 20th Congress, several bills have been filed in the House of Representatives to strengthen protections for freelance workers. Among these is House Bill No. 2856, or the Freelance Workers Protection Act. This bill seeks to establish minimum standards for freelance contracts, ensure timely compensation, and enhance safeguards for freelancers. Overall, the measure aims to formalize freelance work within the labor market and strengthen the legal recognition and protection of freelance workers in the Philippines.

Sources: DOF, 2025; PNA, 2025; PSA, 2025; House of Representatives, n.d.

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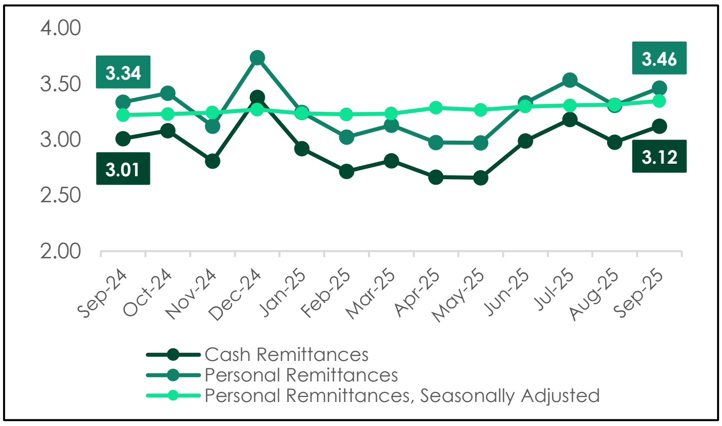
OF remittances sustains year-on-year USD3.0B in September; BSP expands retirement fund access to overseas Filipinos

Figure 5. ***Cash and Persol Remittance, in billion USD September2024 to September 2025***



Basic Source: BSP, 2025

Table 2. ***Top Sources of Remittance, January to September 2025***

Country of Origin	Cash Remittance (in billion USD)	% Share
United States of America	10.51	40.4
Singapore	1.85	7.09
Saudi Arabia	1.66	6.37
Japan	1.28	4.92

Prepared by: ERTD-ERAD

16. The BSP reported that the cash remittance of Overseas Filipinos (OF) increased year-on-year by 3.7% from USD3.01 billion in September 2024 to USD3.12 billion in September 2025 (**Figure 5**), sustaining the growth since 2022 notwithstanding short-term fluctuations brought by seasonal spikes during mid-year and year-end demands. *Cash remittances* are cash sent by land-based and sea-based workers through the banking system.

17. Similarly, the personal remittance of OFs also increased by 3.6%, from USD 3.01 billion to USD3.12 billion during the same period. This also includes net compensation of employees, personal transfers, and capital transfers between households and sent through informal channels, and remittances in kind, in addition to cash remittances.

18. For the period January to September 2025 alone, the total cash OF remittances reached USD26.03 billion, where 80% or USD20.81 billion is from land-based OFs and 20%, or USD5.22 billion, is from sea-based OF. Based on origin, BSP shows that the top country sources of OF remittances are the U.S. at USD10.51 billion (40.4%), Singapore at USD1.85 billion (7.09%), Saudi Arabia at USD1.66 billion (6.37%), and Japan at USD1.28 billion (4.92%) (**Table 2**).

19. The BSP has also relaxed certain policies for the Personal Equity and Retirement Account (PERA) Unit Investment Trust Fund (UITF) under BSP Circular No. 1220 Series of 2025. Under the revised rules, PERA UITFs are excluded from the requirement that only UITFs with up to 10% net assets owned by non-residents are allowed to participate in the secondary market for BSP securities. Such an amendment contemplates the unbridled OF access to PERA UITFs who are considered as non-residents.

20. Without the policy reform, nine of the 13 existing PERA UITFs, which have exceeded the 10% non-resident ownership limit, are considered disallowed from BSP securities trading. Because of the amended rules, the OFs will have more opportunities to diversify their investment portfolios. This policy reform reflects the BSP's commitment to promote financial health, helping build pension and retirement savings.

21. This exemption complements the recently launched open finance and PERA retirement program of the BSP on 29 July 2025, which provides Filipinos with the option to open PERA accounts through the portal of their preferred financial institution instead of going through the previous tedious process that required the submission of physical copies of forms and supporting documents to PERA administrators.

Sources: BSP, 2025a; BSP, 2025b; BSP, 2025c; BSP, 2025d; BSP, 2025e

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SEC highlights agri-business' access to capital markets; Provided at least PHP80 million discounts to businesses

Securing & Expanding Capital for Farms & Agri-business Related Modernization Schemes (SEC FARMS)

Photo Source: Office of the Commission Secretary

22. The Securities and Exchange Commission (SEC) encourages agri-business corporations to access the capital market for their financing requirements. SEC Memorandum Circular (MC) No. 8, Series of 2023, implements the Securing & Expanding Capital for Farms & Agri-business Related Modernization Schemes (SEC FARMS), which simplified the registration process for agri-business securities to promote investor participation and support industry development. Under SEC FARMS, the Commission must review registration statements within 28 days of filing allowing agri-business firms to raise up to PHP500 million per project.

23. The SEC is also set to utilize blockchain-based authentication for corporate filings by enabling the public to sign and authenticate their submissions through the SEC Verification of Electronic Records and Information Trust and Authentication System (VERITAS). This system will be integrated into existing registration and authentication portals, enabling a fully online process with an end-to-end encryption, multi-factor authentication, and cryptographic signing mechanisms using the user's private key.

24. Recent SEC reforms have provided over PHP80 million in fee discounts to businesses, with more than half, or PHP40.9 million, directly benefiting to micro, small, and medium enterprises (MSMEs). Memorandum Circular (MC) No. 6, Series of 2025 granted a 50% discount on physical and authenticated copies of corporate filings (e.g., articles of incorporation and by-laws, general information sheet, and annual financial statements), resulting in PHP36.5 million savings for the transacting public. To support the growth of MSMEs, MC No. 8, Series of 2025 provided discounted rates for certain filing fees, enabling over 8,500 registered MSMEs to save PHP21.4 million, while over 200 firms saved more than PHP19.4 million in their application for an increase in authorized capital stock. Meanwhile, MC No. 9, Series of 2025 allowed companies to save around PHP3 million by granting a 30% discount for assessed registration fees of all registration statement applications until the end of 2025.

25. Meanwhile, as part of its efforts to protect borrowers from predatory lending while supporting legitimate lenders, the SEC also issued a draft MC on Recalibrated Ceilings on Interest Rates and Other Fees Charged by Financing Companies, Lending Companies and their Online Lending Platforms for public comments. The draft sets a 6% monthly nominal interest rate cap, a 10% per month effective interest rate cap, a 5% monthly cap on late payment or non-payment penalties, and a total cost cap limiting all charges to no more than 100% of the total amount borrowed for unsecured general-purpose loans of up to PHP20,000 with a term that does not exceed six months.

26. Moreover, the SEC achieved a major enforcement milestone as the Department of Justice (DOJ) indicted three groups—Eton Phil Non-Specialized Wholesale Trading, SCET Colleens Corporation, and the group of casino junket operator Hector Aldwin Liao Pantollana—for illegally soliciting investments without the required SEC licenses, a violation of the Securities Regulation Code, and defrauding investors with promises of extraordinarily high returns.

Sources: SEC, 2025a; SEC,2025b; SEC 2025c; SEC,2025d; SEC, 2025e;

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