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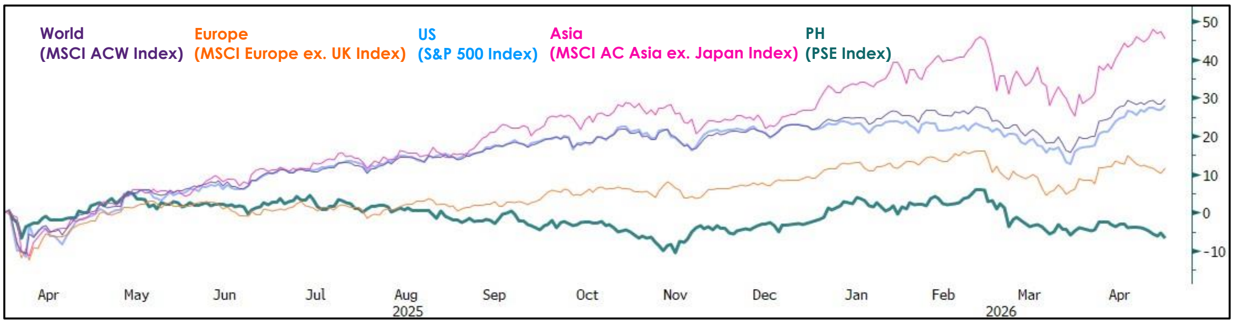
Global equities rebound in April 2026; PSEi eases amid investor caution

Figure 1. ***Selected Equity Indices Weekly Movement, April 2025 – April 2026 (normalized % change)***



Basic Source: Bloomberg Finance L.P., 2026 Prepared by: ERTD-ERAD

1. Global equities rebounded sharply in April, with the MSCI World Index rising by 9.6%, following a ceasefire in the Middle East, which improved investor sentiment and eased concerns over energy prices and inflation (**Figure 1**). Gains were largely driven by technology and artificial intelligence (AI)-related sectors, albeit with elevated energy prices and persistent inflation risks. United States (U.S.) equities led global markets, with the S&P 500 reaching a high of 10.5%. Strong returns were supported by optimism surrounding the potential de-escalation of the U.S./Israel-Iran conflict, further underpinned by continued AI-related investment and better-than-expected earnings.

2. European equities posted strong gains, reflecting the resilience of the technology and industrial sectors. Sectoral performance also indicated investors' preference for cyclical stocks, with industrials and capital goods recording robust returns amid increased manufacturing activity and improving trade optimism. Meanwhile, banks advanced on expectations of higher interest rates and improved net interest margins.

3. Asia Pacific markets also rallied sharply, with the MSCI AC Asia, excluding Japan Index, rising 16.3% in April (U.S. dollar terms) amid improved geopolitical sentiment, as well as easing energy and inflation concerns in the region. Growth was heavily concentrated in Korea and Taiwan, where technology and semiconductors drove the bulk of gains.

4. Domestically, the Philippine Stock Exchange Index (PSEi) closed at 5,833.64 points as of end-April 2026, declining by 1.94% month-on-month (m-o-m) and 8.2% year-on-year (y-o-y). The All Shares Index likewise fell by 0.41% to 3,320.20 points (**Table 1**). Sectoral performance was broadly negative, with only the services and mining and oil sectors posting gains of 1.76% and 10.74% m-o-m, respectively. The dampened market sentiment reflected concerns over potential oil supply disruptions, which kept crude prices elevated and reinforced risk-off sentiment across emerging markets, including the Philippines.

Table 1. ***PSEi Performance as of End of April 2026***

Close		Comparative Change (%)	
		m-o-m	YoY
PSEi	5,833.64	(1.94)	(8.20)
All Shares	3,320.20	(0.41)	(10.92)
Financials	1,799.73	(2.52)	(27.02)
Industrials	8,756.42	(1.79)	(2.50)
Holding Firms	4,474.65	(3.31)	(16.31)
Property	1,913.46	(3.39)	(17.64)
Services	2,754.94	1.76	42.41
Mining and Oil	17,462.36	10.74	76.86

Sources: PSE, 2025; PSE, 2026a; PSE, 2026b Prepared by : ERTD-ERAD

5. Market capitalization increased by 4.0% m-o-m, rising to PHP19.10 trillion in April from PHP18.37 trillion in March. However, trading activity remained muted, with total value traded declining by 26.3% to PHP131.79 billion from PHP178.72 billion, while trading volume fell by 22.2% to 27.89 billion shares from 35.86 billion shares, reflecting cautious market sentiment dulled by uncertainty over the geopolitical tensions.

Sources: Bloomberg Finance L.P., 2026; Invesco, 2026; PSE, 2025; PSE, 2026a; PSE, 2026b; PSE, 2026c; Schroders, 2026

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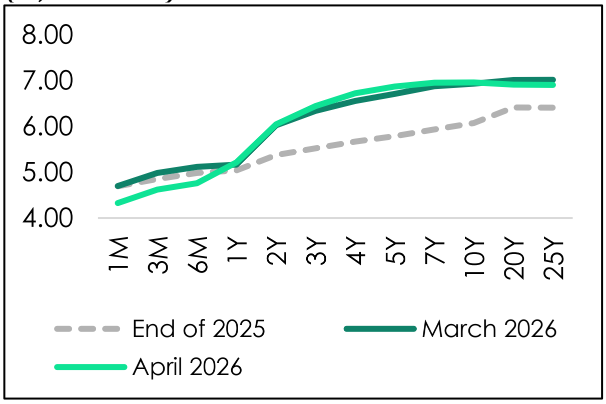
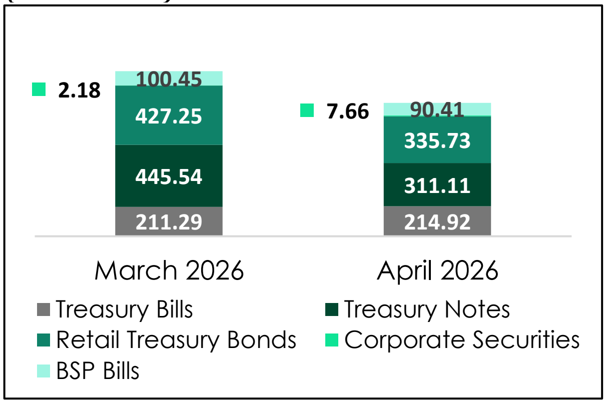
Domestic yields decline in most short- and long-term maturities; PH government bonds join the JP Morgan GBI-EM series

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



Basic Source: PDS, 2026a Prepared by: ERTD-ERAD

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



Basic Source: PDS, 2026b Prepared by: ERTD-ERAD

6. In April 2026, the local yield curve was lower across most short- and long-term maturities compared to March (**Figure 2**). Yields on short-term tenors, particularly the 1-month, 3-month, and 6-month government securities, declined, suggesting strong demand for short-term government securities. In contrast, yields on medium-term securities (2Y–5Y) increased in April 2026, reflecting the *Bangko Sentral ng Pilipinas*' (BSP) hawkish monetary policy stance and the repricing of interest rate expectations. Meanwhile, yields on long-term securities (7Y–25Y) exhibited mixed movements, reflecting the interplay of elevated inflation concerns and sustained demand from institutional investors for safe-haven assets.

7. Total domestic fixed income trade volume (**Figure 3**) fell by 19.12% to PHP959.84 billion from PHP1.19 trillion in March due to rising inflation caused by oil price shocks, which led to a change in the prices of government securities. The 7.2% headline inflation driven by the ongoing conflict in the Middle East, along with the BSP's 4.5% policy rate hike for the first time in over two years, to stabilize inflation and mitigate escalating risks, resulted in a 7.15% spike in the 10-year government bond yield. This also contributed to lower demand for other government securities such as Treasury Notes, Retail Treasury Bonds, and BSP bills. On the other hand, the increase in the trade volume of T-bills and corporate securities, despite a broad market drop, was driven by an investment migration toward short-duration safety and premium yields.

8. Meanwhile, four major Philippine corporations, the Rizal Commercial Banking Corporation, Metropolitan Bank & Trust Company, San Miguel Global Power Holdings Corp., and DoubleDragon Corporation, successfully returned to the Philippine Dealing System platform to list high-profile corporate bond series totaling PHP88 billion in April 2026. These brought the year-to-date (YTD) total of new debt admissions to more than PHP310 billion and the value of tradable corporate debt instruments to PHP1.5 trillion.

9. JP Morgan confirmed that starting 29 January 2027, nine Philippine peso-denominated government bonds, with an aggregate outstanding value of USD49 billion, will be included in its Government Bond Index - Emerging Markets (GBI-EM) series, one of the leading benchmarks used by global fund managers and investors to track emerging bond markets. This inclusion marks the first time the country's local-currency debt will be part of this flagship index, which significantly reflects positive developments in the country's financial and capital markets. This milestone has already attracted more foreign investors to Philippine government bonds. The inclusion is also expected to expand the investor base and increase liquidity in the country's government securities. Since increased demand for bonds generally lowers their yields, the government could now borrow money cheaply to fund infrastructure and social programs.

Sources: ATR FAMI, 2026; BSP, 2026; DOF, 2026; PDS, 2026a; PDS, 2026b; PDS, 2026c; SEC, 2026a

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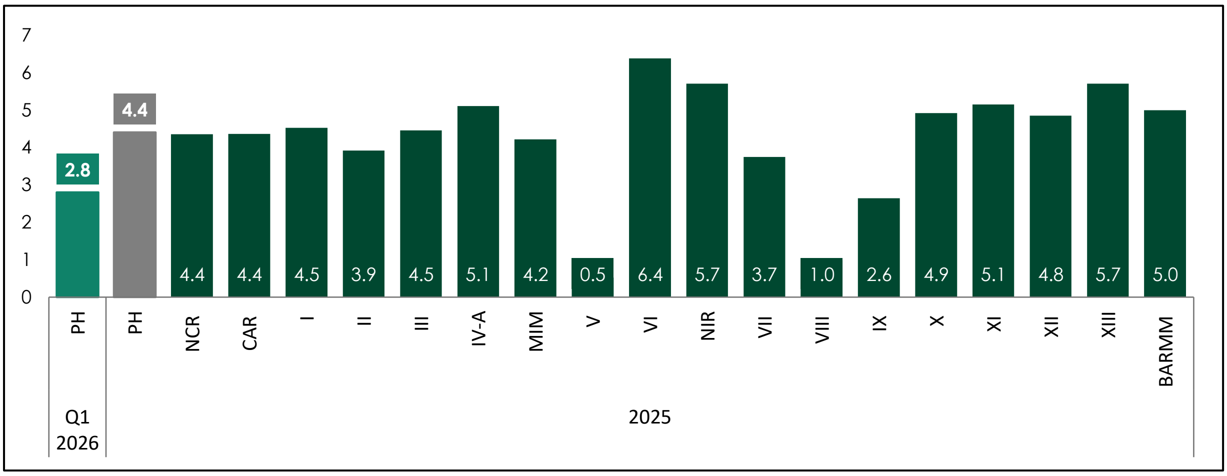
PH economy grows by 2.8% in the first quarter of 2026; Regional economies record broad-based expansion in 2025

Figure 4. ***Philippines' Q1 2026 GDP and GRDP 2025***



Basic Sources: PSA, 2026a; PSA, 2026b — Prepared by: ERTD-ERAD

10. The Philippine economy grew by 2.8% in the first quarter of 2026 (**Figure 4**), significantly slower than the 5.4% expansion recorded in the same period last year, reflecting the impact of both domestic and external headwinds. Economic activity was tempered by weaker consumer and business confidence, and rising global uncertainties brought by the escalation of geopolitical tensions in the Middle East, which pushed oil prices higher and renewed supply chain pressures.

11. Despite these challenges, economic activity remained supported by the services sector, which expanded by 4.5% and continued to serve as the primary growth driver, led by public administration and defense (+8.6%), human health and social work (+7.4%), and education (+6.1%). However, both agriculture (-0.2%) and industry (-0.1%) recorded slight contractions, indicating softer output in key productive sectors.

12. Looking ahead, the growth outlook has become more challenging amid rising global uncertainties. Oxford Economics has revised downward its 2026 gross domestic product (GDP) growth forecast for the Philippines to 4.6%, a 0.9 percentage-point downgrade from its previous estimate, citing the adverse impact of the U.S./Israel-Iran conflict on global energy supplies and broader economic activity. The report noted that higher energy prices, weaker consumer spending, softer investment activity, and moderating external demand are expected to weigh on domestic growth in the near term.

13. Meanwhile, the latest gross regional domestic product (GRDP) released by the Philippine Statistics Authority (PSA) indicates that economic growth remained broad-based in 2025. Despite national GDP growth moderating to 4.4% in 2025 from 5.7% in 2024, all 18 regional economies recorded growth during the year. Western Visayas emerged as the fastest-growing regional economy at 6.4%, followed by Region XIII (5.7%) and the Negros Island Region (5.7%), highlighting the continued expansion of economic activity beyond traditional metropolitan centers. Other regions that outperformed the national growth rate included Davao Region, Region IV-A, BARMM, Northern Mindanao, Region XII, Ilocos Region, and Central Luzon, reflecting a more geographically diversified growth landscape.

14. From a structural perspective, Region IV-A remained the country's largest industrial hub, accounting for 25.4% of total industry output, while NCR maintained its dominance in the services sector with a 40.9% share. On the expenditure side, regional growth was largely supported by robust government final consumption expenditure (+8.4%) and exports of goods and services (+8.2%), indicating sustained public sector support and resilient external demand.

Sources: PSA, 2026a; PSA, 2026b; DEPDev, 2026; Oxford Economics, 2026

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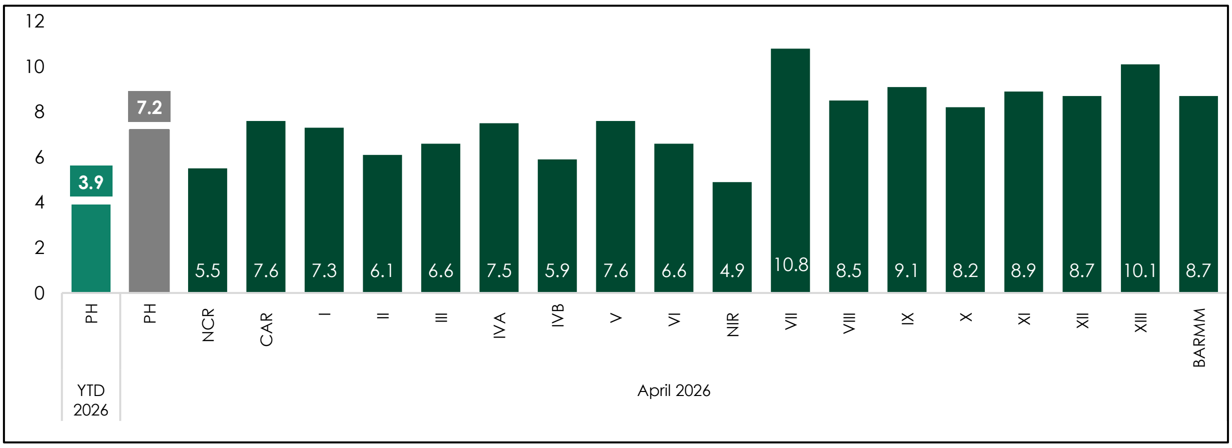
Headline inflation reaches 7.2% in April 2026; Government's UPLIFT Program cushions the impact of price hikes

Figure 5. ***National and Regional Headline Inflation, by Region, April 2026***



Basic Source: PSA, 2026c

Prepared by: ERTD-ERAD

15. The PSA reported that the headline inflation accelerated to 7.2% in April 2026 (**Figure 5**), significantly higher than the 4.1% recorded in the previous month, bringing the YTD inflation rate to 3.9%. The increase was mainly driven by faster price growth in heavily weighted commodity groups, specifically, Food and Non-Alcoholic Beverages (6.0% from 2.9%), Housing, Water, Electricity, Gas, and Other Fuels (8.2% from 4.7%), and Transport (21.4% from 9.9%). Other commodity groups also incurred a faster increase in prices, while only Education Services maintained its inflation rate at 2.9%.

16. From a regional perspective, 12 out of 17 regions recorded headline inflation rates higher than the country average of 7.2% in April 2026. Region VII (Central Visayas) posted the highest inflation at 10.8%, followed by Region XIII (Caraga Region) at 10.1%, Region IX (Zamboanga Peninsula) at 9.1%, and Region XI (Davao Region). Among the 17 regions, Region XIII recorded the fastest acceleration in prices, rising by 4.6 percentage points from 4.8% in March to 10.1% in April.

17. For Food and Non-Alcoholic Beverages, Central Visayas still leads at 14.5%, followed by Region XII (SOCCSKSARGEN) at 11.0%, and Region XI (Davao Region) at 10.7%. For Housing, Water, Electricity, Gas and Other Fuels, seven regions have a higher inflation rate than the country average of 8.2%. This is led by Region V (Bicol Region) at 11.0%, followed by Region IV-A (CALABARZON) at 10.2%.

18. Consistent with the national trend, inflation in the transport sector also posted the fastest increase at the regional level, with the Region I (Ilocos Region) at 31.0%, up from 13.8%, ranking first among 12 regions with transport inflation rates above the country average. This was followed by Region II (Cagayan Valley) at 29.3% and the BARMM at 28.5%. This increase in transport inflation was driven by uncertainties in the Middle East, which triggered higher global oil prices and consequently led to domestic fuel costs and prices in other sectors.

19. In response to the rising inflation rate, the government continues to deliver services that mitigate its impacts by strengthening the Unified Package for Livelihoods, Industry, Food, and Transport (UPLIFT) program to protect and ensure livelihoods, provide access to fuel, and assist vulnerable sectors. As of 24 April 2026, the country has secured 2.91 billion liters of fuel, which is equivalent to 54 days' worth of inventory along with an incoming delivery of 1.305 billion liters for delivery. The government also enrolled over 12,000 public utility vehicles for service contracting, benefiting more than 2.3 million commuters with a 20% discount on fares. Furthermore, 1.18 million drivers were given assistance, and 406,150 beneficiaries received fuel subsidies as of 01 May 2026.

Sources: PSA, 2026c; PIA, 2026a; PIA, 2026b; PNA, 2026; UPLIFT, 2026

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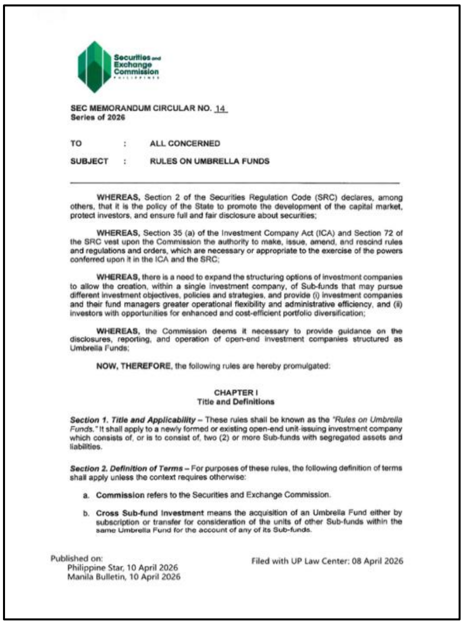
SEC issues rules for umbrella funds; Refines policies on amendment filings and accreditation standards

20. The Securities and Exchange Commission (SEC) issued Memorandum Circular (MC) No. 14, Series of 2026, establishing the rules governing Umbrella Fund, a registered open-end investment companies that consists of two or more sub-funds that may pursue similar and/or different investment objectives, policies, strategies, terms, currency, minimum investment amount, fees/charges, among others.

21. The new rule outlines the policies on the registration, operation, and reporting of open-end investment companies structured as umbrella funds and their sub-funds. Specifically, it provides that investment companies adopting an umbrella fund structure must include the words "Unitized Umbrella Fund" in their corporate name and maintain a minimum subscribed and paid-up capital of PHP100 million. A secondary license and an approved registration statement from the Commission are also required prior to the sale, offer, or distribution of securities.

SEC MC No. 14, Series of 2026


Securities and Exchange Commission PHILIPPINES

SEC MEMORANDUM CIRCULAR NO. 14
Series of 2026

TO : ALL CONCERNED

SUBJECT : RULES ON UMBRELLA FUNDS

WHEREAS, Section 2 of the Securities Regulation Code (SRC) declares, among others, that it is the policy of the State to promote the development of the capital market, protect investors, and ensure full and fair disclosure about securities;

WHEREAS, Section 35 (a) of the Investment Company Act (ICA) and Section 72 of the SRC vest upon the Commission the authority to make, issue, amend, and rescind rules and regulations and orders, which are necessary or appropriate to the exercise of the powers conferred upon it in the ICA and the SRC;

WHEREAS, there is a need to expand the structuring options of investment companies to allow the creation, within a single investment company, of Sub-funds that may pursue different investment objectives, policies and strategies, and provide (i) investment companies and their fund managers greater operational flexibility and administrative efficiency, and (ii) investors with opportunities for enhanced and cost-efficient portfolio diversification;

WHEREAS, the Commission deems it necessary to provide guidance on the disclosures, reporting, and operation of open-end investment companies structured as Umbrella Funds;

NOW, THEREFORE, the following rules are hereby promulgated:

CHAPTER I
Title and Definitions

Section 1. Title and Applicability – These rules shall be known as the *"Rules on Umbrella Funds."* It shall apply to a newly formed or existing open-end unit-issuing investment company which consists of, or is to consist of, two (2) or more Sub-funds with segregated assets and liabilities.

Section 2. Definition of Terms – For purposes of these rules, the following definition of terms shall apply unless the context requires otherwise:

a. **Commission** refers to the Securities and Exchange Commission.

b. **Cross Sub-fund Investment** means the acquisition of an Umbrella Fund either by subscription or transfer for consideration of the units of other Sub-funds within the same Umbrella Fund for the account of any of its Sub-funds.

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22. The new rule also allows existing investment companies offering only units of participation to convert into an Umbrella Fund structure. With respect to reportorial requirements, in addition to the reports required of investment companies, monthly sales and redemption reports disclosing the average net asset value per Sub-Fund are required, together with separate quarterly and annual financial statements for each Sub-Fund.

23. Meanwhile, as part of its initiatives for regulatory efficiency and sustainability, the SEC is set to allow paperless filing for amendments through eAMEND portal. Under the draft guidelines, paperless filing will be offered on an optional basis, while still maintaining the regular submission process for hard copies of amendment documents. This initiative will cover changes to Articles of Incorporation (AOI), particularly the prefatory clause, change in the principal office address, term of existence, increase or decrease in the number of the board of directors/trustees, and fiscal year for one-person corporations, as well as to the By-Laws, particularly the date of annual meeting of the stockholders/members, and fiscal year.

24. Stricter accreditation standards are also proposed for auditing firms and external auditors to strengthen investor protection, improve audit quality, and expand oversight to corporations engaged in large government contracts. Under the proposal, companies awarded government contracts worth at least PHP100 million, or combined contracts totaling PHP150 million within the reporting year, will be required to engage an SEC-accredited Group A external auditor. The proposal also raises track record requirements and introduces stricter grounds for accreditation denial, reinforcing the SEC's commitment to stronger corporate accountability, audit integrity, and market transparency.

25. Following the geopolitical tensions in the Middle East, which increased fuel prices and cost of living, the Commission issued a notice encouraging financing and lending companies to implement "calibrated and sustainable" relief measures for their borrowers in consideration of the financial condition and capacity to pay while maintaining the stability of the financial sector. Relief measures include loan restructuring, grace periods, penalty waivers, and documented consent.

Sources: SEC, 2026b; SEC, 2026c; SEC, 2026d; SEC, 2026e

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SEConomics Editorial Team

Writers and Contributors

Kismeth E. Bathan
Ma. Sabrina H. Bobis
Jemimah Kezia G. Jonson
Erica Ria D. Lagpao
Marvin T. Palabon

Editors

Director Rose Ann S. Espiritu
Eva Marie N. Pelayo

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