

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
PSEi OPEN: 5,809.18 HIGH: 5,916.56 LOW: 5,803.00 CLOSE: 5,912.69 VOL: 0.638 B VAL(P): 6.793 B 113.37 pts. 1.95% 30 DAYS TO JUNE 2, 2026	JUNE 2, 2026 JAPAN (NIKKEI 225) 66,734.24 ▼ -200.09 -0.30 HONG KONG (HANG SENG) 26,038.32 ▲ 640.14 2.52 TAIWAN (WEIGHTED) 45,557.31 ▲ 219.40 0.48 THAILAND (SET INDEX) 1,589.28 ▲ 20.91 1.33 S. KOREA (KSE COMPOSITE) 8,801.49 ▲ 13.11 0.15 SINGAPORE (STRAITS TIMES) 5,091.03 ▲ 53.17 1.06 SYDNEY (ALL ORDINARIES) 8,724.40 ▲ -5.00 -0.06 MALAYSIA (KLC COMPOSITE) 1,683.07 ▼ -1.86 -0.11 <small>* CLOSING PRICES AS OF MAY 29, 2026</small>	JUNE 1, 2026 DOW JONES 51,078.880 ▲ 46.420 NASDAQ 27,086.808 ▲ 114.188 S&P 500 7,599.960 ▲ 19.900 FTSE 100 10,338.950 ▼ -70.330 EURO STOXX50 5,157.600 ▼ -33.020	FX OPEN P61.740 HIGH P61.650 LOW P61.750 CLOSE P61.675 W.AVE. P61.719 VOL. \$1,299.15 M 710 cns 30 DAYS TO JUNE 2, 2026 SOURCE: BAP	JUNE 2, 2026 LATEST BID (0900GMT) JAPAN (YEN) 159.7200 ▼ 159.4800 HONG KONG (HK DOLLAR) 7.8382 ▼ 7.8369 TAIWAN (NT DOLLAR) 31.4430 ▼ 31.3290 THAILAND (BAHT) 32.5500 ▲ 32.5600 S. KOREA (WON) 1,517.5800 ▲ 1,507.0200 SINGAPORE (DOLLAR) 1.2782 ▼ 1.2774 INDONESIA (RUPIAH) 17,830.000 ▲ 17,865.000 MALAYSIA (RINGGIT) 3.9630 — 3.9630	JUNE 2, 2026 US\$/UK POUND 1.3463 ▲ 1.3457 US\$/EURO 1.1641 ▼ 1.1648 US\$/AUSTRALIAN DOLLAR 0.7176 ▲ 0.7175 CANADA DOLLAR/US\$ 1.3849 ▲ 1.3821 SWISS FRANC/US\$ 0.7858 ▲ 0.7839	DUBAI CRUDE OIL FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$103.70/BBL 116.50 111.20 105.90 100.60 95.30 90.00 \$4.50 30 DAYS TO MAY 29, 2026

VOL. XXXIX • ISSUE 218 **WEDNESDAY • JUNE 3, 2026 • www.bworldonline.com** S1/1-10 • 2 SECTIONS, 14 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 2, 2026 (PSEi snapshot on S1/2; article on S2/2)

ICT	P830.000	JFC	P134.900	BDO	P114.100	BPI	P93.000	MER	P585.000	AC	P416.000	GTCAP	P479.600	ALI	P14.540	CNPF	P25.000	MYNLD	P22.600
Value	P1,661,907,500	Value	P425,697,757	Value	P366,451,957	Value	P354,042,909	Value	P343,152,975	Value	P285,388,748	Value	P218,856,794	Value	P190,590,406	Value	P162,356,020	Value	P160,465,845
P50.000	▲ 6.410%	P4.300	▲ 3.292%	P0.000	— 0.000%	-P0.500	▼ -0.535%	P10.000	▲ 1.739%	-P13.800	▼ -3.211%	P4.600	▲ 0.968%	P0.020	▲ 0.138%	-P1.250	▼ -4.762%	P0.300	▲ 1.345%

NPL ratio hits 8-month high in April

By Katherine K. Chan
Reporter

PHILIPPINE LENDERS' nonperforming loan (NPL) ratio worsened to its highest level in eight months in April as borrowers faced tighter economic conditions amid the Middle East war, latest Bangko Sentral ng Pilipinas (BSP) data showed.

The banking industry's gross NPL ratio rose to 3.37% from 3.29% in March but slightly eased from 3.39% a year earlier, based on data posted on the central bank's website.

April had the highest bad loan ratio since the 3.5% in August last year.

This came as soured loans reached P579.885 billion during the month, climbing by 11.68% year on year from P519.234 billion. It likewise edged about 2% higher from P568.554 billion in March.

Loans are considered nonperforming once they are unpaid for at least 90 days after the due date and deemed to be risky assets since borrowers are unlikely to pay.

Jonathan L. Ravelas, senior adviser at Reyes Tacandong & Co., said the increase in nonperforming loans is "not a crisis," but likely an early sign that the Middle East war is tightening financial conditions for households and businesses in the country.

"The uptick in NPLs to 3.37% tells us that higher inflation and global uncertainties — especially elevated oil prices linked to Middle East tensions — are starting to

strain households and businesses," he said in a Viber message. "It's an early warning sign of tighter cash flows, not a crisis."

The higher NPL ratio also means borrowers' repayment capacity is now challenged by faster inflation, higher operating costs and a weakening economy, Philippine Institute for Development Studies senior research fellow John Paolo R. Rivera said.

"The Middle East conflict may not be the sole driver but it has contributed through higher fuel prices, transport costs, and broader economic uncertainty," he added.

In April, inflation heated up to an over three-year high of 7.2% as elevated oil costs amid the Middle East war continued to spill over to prices of food and utilities. This was faster than 4.1% in March and 1.4% in the same month last year.

Meanwhile, BSP data showed that the industry's total loan portfolio stood at P17.198 trillion at end-April, slipping by 0.38% from P17.263 trillion a month ago but up 12.12% from P15.339 trillion last year.

Banks' past due loans rose by 3.72% to P763.591 billion in April from P736.181 billion in March. Year on year, it jumped by 16.89% from P653.259 billion.

This brought the latest past due loan ratio to 4.44% from 4.26% in the prior month and April 2025.

Restructured loans likewise edged up by 1.34% month on month to P342.924 billion from P338.39 billion. It also grew by 10.03% from P311.665 billion in April last year.

These loans accounted for 1.99% of the sector's total loan book in April, exceeding the 1.96% ratio in March but below the 2.03% in the same month last year.

Meanwhile, lenders' loan loss reserves reached P526.849 billion during the month, inching up by 1.42% from P519.46 billion a month earlier and by 6.69% annually from P493.793 billion.

With this, domestic banks' loan loss reserve ratio stood at 3.06%, higher than 3.01% in March but eased from 3.22% in the same year-ago period.

On the other hand, lenders' NPL coverage ratio, which gauges the allowance for potential losses due to bad loans, fell to 90.85% in April from 91.37% the previous month and 95.1% a year prior.

Mr. Rivera said a prolonged conflict in the Middle East could translate to continued pressure for banks and borrowers.

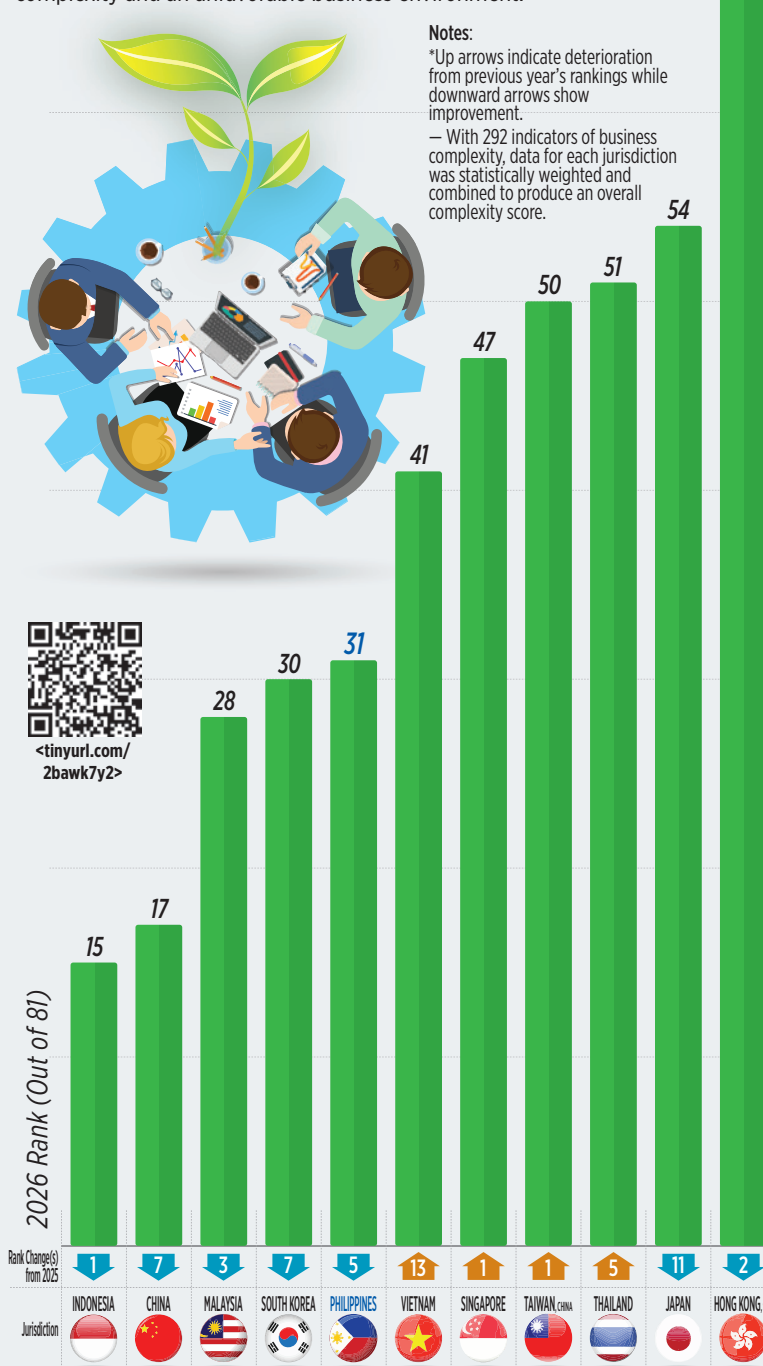
"If the conflict drags on and keeps oil prices elevated, NPL ratios could remain under pressure in the coming months," he said. "Higher inflation reduces household purchasing power, while businesses face tighter margins and weaker demand, making debt servicing more difficult."

Meanwhile, Mr. Ravelas said banks' bad loan ratio could range from 3.3%-3.8% in the coming months, though noted banks can likely weather such elevated NPL levels given their strong capital and buffers.

"At current levels, NPLs are above the ideal 2%-3% range but still manageable," he said. "The key is to watch the trend — gradual increases are tolerable, but any sharp spike would be a bigger concern."

Philippine business environment improves

Business environment in the Philippines improved* by five spots to 31st out of 81 jurisdictions in the latest edition of the Global Business Complexity Index by multinational services firm TMF Group. Despite the improvement, the country was the fifth most complex jurisdiction for doing business among its peers in the East and Southeast Asian region. The index ranks jurisdictions based on the ease of doing business in accounting and tax, global entity management, and payroll and human resources — with higher rankings indicating more complexity and an unfavorable business environment.



AMRO cuts Philippine growth forecasts for 2026, 2027

THE ASEAN+3 Macroeconomic Research Office (AMRO) lowered its Philippine growth forecast for this year and in 2027, as stronger inflationary pressures are expected to weigh on domestic demand.

In its Interim Update of the ASEAN+3 Regional Economic Outlook released on Tuesday, AMRO slashed its 2026 growth forecast for the Philippines to 4.1% from 5.3% previously.

"The Philippines' GDP growth is expected to slow further to 4.1% in 2026 from 4.4% in 2025, facing headwinds from the Middle East conflict," AMRO Group Head and Lead Economist Jinho Choi told *BusinessWorld*.

"Private consumption — which has already slowed for four consecutive quarters through the first quarter of 2026 — is expected to weaken further due to the energy shock, while the recovery in public construction is expected to be gradual," he added.

AMRO also cut its gross domestic product (GDP) growth projection for the Philippines to 5.5% for 2027, from 5.8% previously.

While AMRO's 2026 growth forecast falls short of the government's 5%-6% target, its 2027 projection is within the official 5.5%-6.5% goal.

The Palace earlier said the Development Budget Coordination Committee revised its macroeconomic assumptions, but new figures have yet to be released.

The Philippine economy grew by a weaker-than-expected 2.8% in the first quarter, the slowest pace since the pandemic, as the fallout from a corruption scandal and soaring oil prices triggered by the Middle East conflict hurt economic activity.

"ASEAN growth has been downgraded in some economies, including the Philippines and Vietnam, where stronger inflation passthrough is expected to weigh on domestic demand," AMRO said.

AMRO, S1/9

NG debt dipped to P18.47T at end-April — Treasury

By Justine Irish D. Tabile
Senior Reporter

NATIONAL GOVERNMENT (NG) debt dipped month on month in April as domestic debt repayments outweighed the impact of a weaker peso on external obligations, the Bureau of the Treasury (BTr) said.

Latest data from the Treasury showed that the debt slipped by 0.09% to P18.47 trillion from the P18.49 trillion end-March level.

"The decline in debt was primarily driven by the government's repayment of domestic securities, which more than offset the impact of peso depreciation against the US dollar on foreign currency-denominated obligations," the BTr said on Tuesday.

Year on year, outstanding debt went up by 10.25% from P16.75 trillion at end-April 2025.

NG debt is the total amount owed by the Philippine government to creditors such as international financial institutions, development partner-countries, banks, global bondholders and other investors.

The bulk or 67.22% of the total debt stock came from domestic sources, while the rest were from external sources.

Domestic debt, which was composed of government securities, slid by 0.95% to P12.42 trillion at end-April from P12.53 trillion at end-March.

According to the BTr, the month-on-month decline in domestic debt was "mainly due to the P121.64-billion net redemption for the month, as P283.24 billion in debt issuance was offset by maturities of P404.88 billion."

"A P2.46-billion valuation increase in the peso equivalent of foreign currency-denominated domestic securities from peso depreciation partially tempered the decline," it added.

According to the Treasury, the peso had weakened to P61.54 as of end-April versus the dollar from P60.678 as of end-March.

Year on year, domestic debt jumped by 7.12% from P11.59 trillion in the same period.

Meanwhile, external debt rose by 1.71% to P6.06 trillion as of end-April from P5.95 trillion at end-March.

NG debt, S1/5

Middle East war re-escalation, higher oil prices may drag peso to P64.50

THE PESO could plummet to as much as P64.50 against the dollar if the Middle East conflict further escalates and drives global oil prices higher, MUFG Global Markets Research said.

In its foreign exchange outlook for June, the Japan-based think tank said a re-escalation of the Iran conflict and a fresh spike in oil prices could bring the peso above P62 to as high as P64.50 per dollar.

"On the global front as well, the Philippine peso will also be sensitive if there is a 'Super El Niño' event and if the Fed turns more hawkish moving forward — arguably more so than other G10 and

lower-yielding Asia currencies given its status as a current account deficit economy," MUFG analysts also said in their report published late on Monday.

Based on MUFG's forecast, the local unit will likely touch the P62 mark this quarter, before strengthening versus the dollar to P61.50 by the third quarter and P61 by the last quarter.

Its baseline also sees the local currency recovering to trade below P61 as the conflict eases and the greenback weakens.

By the first quarter of 2027, the peso-dollar exchange rate could be back to P60.50, MUFG said.

Since the onset of the Middle East conflict on Feb. 28, the peso has been on a steady decline. It has moved to the P61-a-dollar level from the P58 range before the war.

Month on month, the local unit lost 10.5 centavos to close at P61.59 against the greenback on May 29 from its P61.485 per dollar finish on April 30. It plunged to an all-time low close of P61.75 on May 18 and 19.

The Bangko Sentral ng Pilipinas (BSP) told Reuters on Monday that its foreign exchange market intervention remains limited to smoothening out sharp swings that could stoke inflation and potentially de-anchor inflation expectations.

Meanwhile, MUFG said heated inflation and signs of broadening spillover effects may still prompt the central bank to keep tightening monetary policy.

For the Japanese think tank, the key policy rate could be raised to at least 5.25% from 4.5%.

"From a local perspective, with the sharp surge in domestic CPI (consumer price index) pressures coupled with some initial signs of second-round effects, we see BSP hiking rates by at least 75 bps (basis points) more, bringing the policy rate to 5.25%, and more so if risks materialize," it said.

Middle East, S1/5