

# Vantage Point

A WEEKLY PUBLICATION FROM THE FUND MANAGERS AND ANALYSTS OF PHILEQUITY MANAGEMENT, INC.

## MARKET OUTLOOK: NEUTRAL

**SECTOR PICKS:** CONSUMER NAMES, STOCKS WHICH BEAT EARNINGS FORECASTS, COMPANIES WHICH DERIVE A LARGE PORTION OF THEIR INCOME FROM FOREIGN SOURCES

**TECHNICALS:** SUPPORT AT 7000 FOLLOWED BY 6800, RESISTANCE AT 7200 FOLLOWED BY 7500

Above forecast earnings from some tech heavyweights continue to power the rally in US stocks. The recovery of these battered stocks is behind the 5-week winning streak of the Nasdaq Composite. With both US and China stocks performing strongly, the tide lifted all boats - including the PSEi.

Despite sharp price swings, the PSEi is managing to hold above the 7000 handle. Also note that we had index rebalancing on Friday which should have caused the market to fall. Instead, it closed up 0.6% on net foreign buying.

Moreover, the peso broke the crucial 54.50/\$ resistance level on the back of dollar weakness. This is a major technical move that points to further appreciation for the peso towards the 53 level in the short term and potentially 52 in the medium term. This is a positive for Philippine risk assets and can help underpin the stock market's strong performance this year.

Philippine Stock Exchange Index (PSEi) 1-year chart



## TRADING STRATEGY



Global equities continue to rise on the back of expectations that the Fed will not keep monetary policy as tight as they say. Continued dollar weakness is also a boon for Philippine equity stocks. We believe dips are an opportunity to buy.