

# VANTAGE POINT

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

## EQUITY OUTLOOK

**MARKET OUTLOOK: CAUTIOUSLY BULLISH**

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

**TECHNICALS: SUPPORT AT 6400 FOLLOWED BY 6200, RESISTANCE AT 6700 FOLLOWED BY 7000**

Though volume is lackluster, we note the absence of major sellers. This allowed the PSEi to close in the green ahead of the Christmas break. Strength is likely to continue due to yearend windowdressing next week.

After a blistering rally, it seems like US stocks are starting to experience volatility. Note that it was the US the led the way in the recent equity rally. In the absence of domestic catalysts, we expect the PSEi to follow the movement of major US indices.

Many of the risks that plagued markets are all behind us. High interest rates, a sharp rise in inflation, major geopolitical risks, etc. Next year, we will have to contend with the prospect of slowing growth and how the Fed will pivot from tightening to loosening.

Merry Christmas!

**Philippine Stock Exchange Index (PSEi) 1-year chart**



### TRADING STRATEGY

Headed into the break, the PSEi managed to eke out a small gain, ending at 6501 before the Christmas break. We expect the market to remain strong in the short term due to Fed dovishness and peso strength.

