Philequity Corner (March 8, 2010)
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One Year After

Today we celebrate the anniversary of the bull market in global stocks. It was exactly on March 6, 2009 that the US stock market bottomed, with the S&P 500 Index finding support at 666. Back then, stocks had been sliding for the previous 17 months, commodities had drastically plunged for 8 months and oil was also down for the preceding 7 months, since a July 2008 blow-off top.

No one knew at that time that it would mark a major turning point in the market although we would write two weeks later, in this column, that the market indeed has bottomed (see "*666*," March 23, 2009).

One year after, the S&P 500 Index is up 71 percent to 1,138, the DJIA has rallied 61.4 percent to 10,566, and the tech-heavy Nasdaq Composite has surged 83.8 percent to 2,326. The major markets are up 58.1 percent on the average in the past twelve months, while Asian markets have risen 73.3 percent. Our own PSE Index has gained 62.4 percent over the same period.

DEVELOPED MARKETS		**Price as of**	**%Return**
Country	**Index**	**5-Mar-2010**	**from 3/6/09**
US	Nasdaq Composite	2,326.35	83.8%
US	S&P 500	1,138.70	71.0%
US	DJIA	10,566.20	61.4%
Germany	DAX	5,877.36	60.3%
UK	FTSE	5,599.76	58.6%
Canada	TSE 300	11,975.14	57.7%
France	CAC 40	3,910.42	55.2%
Australia	S&P/ASX 200	4,767.20	53.2%
Japan	Nikkei 225	10,368.96	47.0%
		Average	**58.1%**
ASIAN MARKETS			
India	BSE SENSEX 30	16994.49	108.3%
Indonesia	JCI	2578.77	100.4%
Singapore	STI	2790.29	91.5%
Hong Kong	Hang Seng	20787.97	83.2%
Thailand	SET	723.96	76.0%
Taiwan	TAIEX	7666.26	65.6%
Philippines	PSEi	3069.63	62.4%
Korea	KOSPI	1634.57	54.9%
Malaysia	KLCI	1299.78	52.0%
China	Shanghai SE	3031.86	38.3%
		Average	**73.3%**

Source: Bloomberg, Philequity Research

On hindsight, the market's March 2009 low was one of the greatest buying opportunities of a lifetime (see "*Opportunity of a Generation,"* November 3, 2008) especially for individual stocks, many of whom are up two-fold to ten-fold from their 2008-2009 lows. Las Vegas Sands, for example, went up from 1.38 to 17.87 after reaching a high of 20.73. Ford is up from 1.65 to 13.00 after reaching a high of 13.04.

In the Philippines, Philex Mining is up from 3.31 (adjusted for dividends) to 14 after reaching a high of 19.75. Meanwhile, Meralco is up from 56.50 to 178 after reaching a high of 300.

The table below shows the price performance of select US and Philippine stocks when measured from their lows on March 6, 2009.

Performance of Select US & Philippine Stocks

US Stocks	**Sector**	**Current Price**	**2009 Price Low**	**%Chg**
Las Vegas Sands	Resorts & Casinos	17.87	1.38	1194.9%
Ford	Industrial	13	1.65	687.9%
Bank of America	Financial	16.7	3	456.7%
Freeport Mcmoran	Mining	80.71	21.16	281.4%
Apple	Technology	218.98	78.2	180.0%
Average				**560.2%**
Philippine Stocks	**Sector**	**Current Price**	**2009 Price Low**	**%Chg**
Philex Mining Corp.	Mining	14	3.31	323.0%
Meralco	Utility	178	56.5	215.0%
Ayala Land, Inc.	Property	11.25	4.9	129.6%
Metrobank	Financial	44.5	19.5	128.2%
PLDT	Telecoms	2675	1830	46.2%
Average				**168.4%**

Source: Bloomberg, Philequity Reseach

STUPID PIGS

Investors are very familiar with the acronym BRIC (Brazil, Russia, India and China) which are the growth countries of the decade. They may now be familiar with the recent acronym PIGS (Portugal, Italy, Greece and Spain). However, they may not be familiar with the new acronym STUPID (Spain, Turkey, UK or Ukraine, Ireland and Dubai).

Dubai's debt woes caused the first correction in the market, followed by that of Greece. The next leg of the correction may now come from Spain, Turkey or any other member of the STUPID PIGS.

Wrong again

Indeed, a lot of technicians and markets experts – who are calling for a market top and who are forecasting a deeper and long pullback - have been proven wrong again. Like the previous corrections, the recent sell-off appears to be just one of those typical pullbacks within the long-term bullish uptrend. The support levels of 1,050 for the S&P 500 and 2,800 for the PSE index which we mentioned in a prior article have held (see "*Bulaga!,"* January 25, 2010).

In the chart and table below, we are showing the corrections that materialized since the bull market began in March 2009.

Date	High	Date	Low	%Chg	#Days
26-Mar	832.98	30-Mar	779.81	-6.4%	2
17-Apr	875.63	21-Apr	826.83	-5.6%	2
8-May	930.´7	15-May	878.94	-5.5%	5
11-Jun	966.23	8-Jul	869.32	-10.0%	18
23-Sep	1060.´5	2-Oct	1019.95	-3.8%	7
21-Oct	1101.36	2-Nov	1029.38	-6.5%	8
19-Jan	1150.45	5-Feb	1044.5	-9.2%	13

Don't be stubborn

For those investors who sold in February or in the other corrections, the moral of the story is "don't be stubborn." Always listen to what the tape is saying. Be nimble and learn to adapt. If you make a mistake, admit that you are wrong and reverse your positions accordingly.

We have always maintained that corrections and short-term trends are harder to trade and predict (see *"Correction, now what?,"* June 22, 2009 and *"Deep or Shallow?,"* June 29, 2009). That is why we have advised investors to sell only a portion of their holdings if they get anxious. Time and time again, we reiterated that individuals should maintain and hold on to their core positions in this bull market (see "*The IPIS* Theory," February 21, 2010).

Indeed, 2010 may be a volatile year for stocks, but we maintain our thesis that the long-term uptrend is intact. For those of little faith and at the risk of sounding "makulit" or repetitive, we reiterate our target of 1,250 for the S&P 500 and 3,300 for the PSE index.

Courageous bulls and greedy pigs

We congratulate those who bought during the scary month of March 2009. We remember a quote from Warren Buffett which we shared with you while we were waiting for the turn in the market (see "*777*," October 6, 2008): "Be greedy when others are fearful, be fearful when others are greedy." Those who followed the advice are now making money. For the courageous bulls and greedy pigs who continue to ride the bull of 2009, Happy Anniversary!

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