

**Philequity Corner (February 11, 2013)**  
**By Valentino Sy**

### **Snakes and Stocks**

Yesterday, February 10, 2013 was the start of the Year of the Water Snake. Happy Chinese New Year, everyone! We say goodbye once and for all to the Year of the Water Dragon with its memorable events such as the Olympics, President Obama's reelection and the Mayan prediction of world destruction. Will the Water Snake give us a kiss or a hiss this Chinese lunar year? In this article, we put a superstitious slant as we look at what is in store for all of us.

#### **Ending the Year of the Dragon with a bang**

Our most recent articles centered on the surge seen by the PSE Index (6,000, January 14, 2013, *The Run-Up*, January 21, 2013 and *The Impressive Run-Up Continues*, February 4, 2013). Our index began its impressive run-up on December 18, 2012 and continued until the very last trading day of the Year of the Dragon. To show just how spectacular the run-up was, the PSE Index sprinted from 5,624.17 to 6,458.67, equivalent to a staggering gain of 834.50 points in only 34 trading days. This was the Dragon *Bang!*, the final flourish before leaving behind the enigmatic Year of the Dragon and entering the Year of the Water Snake.

#### **Dragon Year returns 36 percent for PSE Index**

The Dragon Year started on a Monday, January 23, 2012, which was declared a holiday. The PSE Index at that time was 4,747.90. The index last Friday, the last trading day for the Year of the Dragon, was 6,458.67. This gives us a Dragon Year return of 36 percent, significantly higher than the 2012 return of 33 percent under the Roman calendar.

#### **Snakes and Dragons: Yin and Yang**

Feng shui experts say the Snake and the Dragon have a special connection. The Snake is the Yin, the Dragon is the Yang. As a Yin, the Snake is subtle compared to the raging Dragon, which shook the world last year with headlines like "A Euro Breakup Scenario", "The Impact of a China Hard Landing" and "Falling off the US Fiscal Cliff". Despite the numerous macroeconomic headwinds, the lucky Dragon withstood and even rose above the period of heightened uncertainty in the financial realm. The Dragon and the Snake are the fifth and sixth Earthly branches of the Chinese Zodiac and form a karmic pair. Because of the special relationship of the Snake and the Dragon, this year will be an extension of what the Dragon year started. That is, the upward movement of the PSE Index should continue in the Year of the Snake. While there is a continuation, the Year of the Snake will have calmer waters and will be less tumultuous. This lunar year will see a carryover from last year's events but with less volatility.

#### **From the masters themselves**

The following are predictions for the Year of the Water Snake from renowned geomancers, astrologists and feng shui masters:

Joseph Chau sees a bright year ahead for the Philippines. He interprets the Promotion Star (located in the southeast) as a good omen for the Philippines, which is in Southeast Asia.

Zenaida Seva reads success in Metal element businesses such as mining and ship building.

Dr. Andy Tan gave a very precise and very bullish prediction for the PSE Index. According to him, the index will reach 7,000 two weeks after mid-term elections. He also expects a credit-rating upgrade for the country.

Joy Lim says that Success Luck is much higher this year than in the Year of the Dragon.

Tony Suvega predicts that Filipinos will be financially prosperous this year based on our country's location on the Lo Shu square grid.

Christopher Co points out the extremely lucky situation of having 3 Rats under the same roof: President Aquino, Senate President Enrile and House Speaker Belmonte.

Marites Allen sees a healthy balance and harmony with the five elements (Metal, Water, Wood, Fire and Earth) in this lunar year which will bring good opportunities to everyone, regardless of their zodiac sign.

Charlie Chao forecasts a robust Philippine economy, the real estate industry continuing its boom and the stock market breaking record highs.

### **Fortunes of the 12 Chinese Zodiac Signs**

Conventionally, your luck depends on your year of birth. Some zodiac signs are luckier and can afford to be more aggressive than others. Those born in a Dragon or Dog year are predicted to be very fortunate in their businesses and practically all their undertakings this year. The Ox, Tiger and Rooster can expect monetary gains while the Boar is seen to spend lavishly. The Sheep and Monkey will find themselves amongst supportive friends while the Horse will meet many trials in his relationships. The Rat, Snake and Rabbit may experience a relatively flat year and are encouraged to keep caution.

For the interest of our readers and investors, the President of Philequity Management and the fund manager of Philequity Fund were both born in the year of the Dragon. Hopefully, this would bring double luck for the fund in the Year of the Water Snake.

### **Water means liquidity**

Other than being the Year of the Snake, it is also a Water year. Last year, the element of Water read as a bad omen that would bring about natural calamities. In contrast, Water will provide liquidity and financial health to individuals and to our economy this time around. Feng shui masters generally see our stock market moving higher as Water will allow the bull market to flow into the Year of the Snake. With the advent of listing of ETFs and lower Special Deposit Account rates, then there will be more reason to see increased liquidity in the stock market.

### **Diligence versus Feng Shui**

Whether one believes in feng shui, geomancy, astrology, we at Philequity believe that doing one's homework is more important than relying on fortune-telling. The Snake is a deep thinker and is associated to Wisdom. Accordingly, people should act wisely on their investment decisions. First, it

would be prudent to have a clear investment objective and asset allocation plan. Second, research the different products that the financial world has to offer. Before placing money in a mutual fund, check what its top holdings are. Before purchasing a stock, know the company's management and business model. Doing one's homework removes the unstable emotions that arise when investing. Yes, the Year of the Snake may be a lucky one but ultimately, diligence and hard work are the keys to prosperity.

### **2, 4, 7, 9**

This year's lucky numbers are 2, 4, 7 and 9. Could we possibly see a 7 percent GDP growth for 2013? If we arrange these numbers in a relevant manner, we might see our PSE Index reach 7,249 on the last day of the Year of the Water Snake, January 30, 2014. Whether you are a Dragon, a Snake or a Boar, a believer of feng shui or not, we at Philequity wish that in this Year of the Water Snake, you may slither artfully through obstacles, shed your excess baggage and charm your way to the top. *Kung hei fat choi!*

### **Investors' Forum 2013**

Philequity and Wealth Securities, Inc. will be having a forum for our clients and investors on February 19, 2013, Tuesday, 3:30 pm at the PSE Auditorium, Tektite. We will give our views on the stock market as well as ideas on how to maximize the return on your investment portfolio. This is also the chance to ask your questions to our fund manager and his research team. For inquiries and reservations, you may call 689-8000.

*For further stock market research and to view our previous articles, please visit our online trading platform at [www.wealthsec.com](http://www.wealthsec.com) or call 634-5038. Our archived articles can also be viewed at [www.philequity.net](http://www.philequity.net).*