



Vantage *point*

MARKET OUTLOOK: BULLISH

**STRATEGY: OVERWEIGHT ON CONSUMER FOOD AND BANKING
SECTOR**

UNDERWEIGHT ON TELCO SECTOR

The FOMC meeting was pretty much a dose of the same medicine. Fed Chairman Janet Yellen reiterated her policy of keeping interest rates low for a considerable period of time after asset purchases have ceased. She also said any change in interest rate policy will be conditional and data-dependent and not based on a fixed calendar date. This allayed fears of interest rates rising sooner rather than later.

The US dollar has risen sharply against major currencies, especially against the Euro and Japanese yen. Commodity-linked currencies such as the Canadian and Australian dollar have also been affected. Gold is also performing badly. This dollar strength may also affect Asian currencies including the PhP. Although the peso is moving in consonance with other currencies in the region, this sharp depreciation is concerning. If this trend continues, this does not bode well for our inflation figure. Equities may also be negatively impacted if the currency weakens too fast.

With no new data points coming up in the next few weeks, we expect the market to move sideways until earnings start coming in a month from now.



TRADING STRATEGY

After volatile trading last week, the index still managed to stay above initial support of 7,200. We expect to see some volatility this week since FTSE rebalancing was moved from last Friday to today. We remain to be selective buyers on pullbacks but we are vigilant as equities may be affected by the weakening of the peso due to USD strength.