



Vantage *point*

MARKET OUTLOOK: BULLISH

STRATEGY: OVERWEIGHT ON CONSUMER FOOD AND BANKING SECTOR

UNDERWEIGHT ON TELCO SECTOR

The index hit an all-time high of 7,413.62 last week. While corrections are normal after hitting a new high, it is clear that the index is moving higher. We will continue to use pullbacks as opportunities to buy, especially if the PSEi is near 7,200, the immediate support level. We remain vigilant on US dollar strength which has weighed on the peso. Last week, the index made history when it hit a new high on September 25. The PSEi hit an intraday high of 7,413.62, eclipsing the previous high of 7,403.65 set last May 15, 2013. Thus, 16 and a half months later, after QE tapering, Yolanda and a couple of wars among other things, the index is finally in uncharted territory.

This push to a new high was also aided by GSIS' sale of 2 lots in BGC for PhP 500,000/sqm. The sale of these 2 lots effectively reprices land in the area, hence the strength of the property sector last week. This sales is also bullish for the banking sector because it shows that property loans still have room to grow.

On the flipside, weakness in the peso and TEL may temper the index's rise. This month alone, the peso depreciated by 4%. Other Asian currencies are having the same experience as well due to dollar strength. Also, news of increasing competition between TEL and GLO has weighed on these stocks. with 11% and 1.6% weight in the PSEi respectively, weakness in these 2 stocks, especially TEL, may cap the index in the short term.

However, it is important to note that our Asian neighbors have been performing well. China is now up 11% YTD and is at its June 2013 highs. Other Asian stock market were also strong, with Indonesia and Thailand within 1% and 3% of their all-time highs last week. The rise of Asian indices will bring the PSEi along with it.

We are encouraged by the PSEi's new high last week. Since new high means higher, we continue to recommend that investors **STAY THE COURSE!**



Source: Technistock



TRADING STRATEGY

We remain underweight the telco sector after selling during MSCI rebalancing. We continue to remain overweight on the consumer food sector (URC) and the banking sector (BDO).

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