



Vantage *point*

MARKET OUTLOOK: CAUTIOUSLY BULLISH

STRATEGY: **OVERWEIGHT** CONSUMER FOOD AND POWER SECTORS

UNDERWEIGHT TELCO SECTOR

NEUTRAL BANKING AND PROPERTY SECTORS

US markets finally broke their 5-day losing streak on a strong note, rising more than 3% in 2 days. This strength spread to European and Asian markets over the past few days. Barring any new negative event, we expect this momentum to continue.

Expectations that a fresh round of stimulus will be launched in Europe and China have also added to the bullishness of the market. Moreover, dovish Fed minutes allayed fears of a disorderly interest rate hike in the near future.

Fund managers are also coming to realize that low oil prices are actually a net positive for most economies. Last year whenever oil prices drop sharply, equities usually get sold off. This year, equities are now rising despite oil prices breaking below the \$50/barrel mark.

This also explains the strength of the Philippine market, which is now up 2.8% YTD. According to studies by UBS and Oxford Institute, the Philippines is the biggest beneficiary of low oil. With this breakout to new highs, we expect the PSEi to reach an initial target of 7,900-8,000.



TRADING STRATEGY

Source: Technistock



The PSEi finally broke strongly to a new high. This also marks the 10th straight up day, the longest winning streak since 2006. We are buying on breakouts our top stock picks as well as stocks with exposure to the consumer sector.

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