



# Vantage *point*

**MARKET OUTLOOK:** BULLISH  
**STRATEGY:** OVERWEIGHT CONSUMER FOOD  
 OVERWEIGHT POWER  
 UNDERWEIGHT TELCO

Volatility continues to rule the global markets this year, with most markets gyrating between gains and losses. US released weaker than expected GDP and durable goods data last week, causing the S&P 500 to have daily moves of 1% in the past 4 trading days. Forecasts of a Fed rate hike by mid-2015 are now in question, with some analysts saying that weak data may cause the Fed to postpone it till September. US markets ended January down 3% YTD.

Oil prices also staged a 1-day, 5% rally as a record number of US oil rigs were shut down. While many companies are now expecting oil to stay at low levels for years, there seems to be a growing consensus that oil may have reached a bottom.

Insulated from all this volatility is the Philippine stock market, which has attracted PhP 23.6 billion worth of net foreign inflows in January alone. This brought the PSEi up more than 6% in just a month, with the Philippine peso rising in tandem, appreciating 1.4% over the same period. This strong move in the index shows that the Philippines is now being differentiated from other countries because of its sustainable and consumer-driven economic growth. This is a stark contrast to the slow and uneven growth elsewhere in the world. Many foreign research firms have also upgraded their forecasts both on the Philippine economy and stock market.



## TRADING STRATEGY

Source: Technistock

The PSEi continues its breakout move above 7,400, ending the week at its highest closing level ever, 7,689.91. This is due to the Philippines being recognized as the biggest beneficiary of low oil prices, hence the strength of inflows during the month. In January alone, the PSEi gained 6.2%. Now that January is over, the velocity of inflows may taper and cause the index to take a breather. Given the PSEi's steep rise, combined with the volatility and weakness in global markets, a correction is likely. That said, we remain bullish in the market and we will use these pullbacks as opportunities to buy.



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