



# Vantage *point*

**MARKET OUTLOOK: BULLISH**

**STRATEGY: OVERWEIGHT CONSUMER  
OVERWEIGHT POWER  
UNDERWEIGHT TELCO**

To understand why the Philippine stock market has risen so fast in just 6 weeks, one can just listen to what our own BSP has to say. In deciding to keep interest rates on hold, BSP Governor Amando Tetangco said that "if things remain as they are that is inflation expectations are well anchored, domestic demand continues to be resilient, oil prices remain low but not too volatile and Fed normalization is orderly, I think we can keep rates steady for the most part of 2015." Our country's healthy macroeconomic fundamentals stand out and it is precisely the recognition of this that has propelled our stock market to new highs.

Other markets are also looking better albeit still volatile. The situation in Greece may be contributing to this and it remains to be seen whether this will end with a Greek exit from the EU or not. The outcome of Greece's negotiation with the EU will have a significant impact on the global equities moving forward.

Many other events may also lead to higher volatility, such as the timing of US policy tightening as well as the possibility of more sanctions against Russia. Some degree of political risk may also emerge in the Philippines as some groups are calling for the President Aquino's resignation, with some coup rumors even surfacing. However, the sharp drop in oil price far outweighs all of these.



## TRADING STRATEGY

Source: Technistock



The PSEi continues its furious rally, breaking the 7,800 level momentarily last week on heavy foreign buying. While a correction is possible, it is hard to predict where and when this run-up will end. We continue to hold our top picks and we will be using pullbacks as opportunities to buy.

 **PhilEquity**

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