



# Vantage *point*

**MARKET OUTLOOK:** CAUTIOUSLY BULLISH

**STRATEGY:** OVERWEIGHT CONSUMER FOOD AND POWER SECTORS  
UNDERWEIGHT TELCO SECTOR

Volatility in the US continues to remain heightened as investors weigh policy moves in the US. After giving up all their gains 2 weeks ago, both the Dow Jones index and S&P 500 are less than 1% away from their all-time highs as of Friday. However, it is also important to note that despite what is happening in the US, countries that have cut rates this year have seen their equity indices marching higher. Germany is up 22% for the year and Japan's Nikkei is closing in on the 20,000-point level. Australia is also up 10% despite weak commodity prices.

The PSEi is no exception, with the index less than 1% away from its all-time high. Since the start of February, despite the wild swings in foreign markets, the PSEI has traded in a tight, 150-point range.

While equities still remain resilient, we are closely monitoring the strong dollar. The peso hit a low of 44.95 last week against the dollar before pulling back from resistance of 45. A sharp depreciation of the peso past the 45-level may cause equity prices to weaken.



## TRADING STRATEGY

Source: Technistock



The PSEi continues to consolidate close to its all-time high. Although volatility was heightened last week, the index remains quite strong and has refused to correct for more than a few days. We continue to be buyers on pullbacks of our top stock picks.



2004-A, East Tower, Philippines Stock Exchange Bldg., Ortigas Center, Pasig City, 1605  
 (+632) 689.80.80 (+632) 706.07.95 sales@philequity.net www.philequity.net

Disclaimer: The information contained herein is the property of Philequity Management Inc. and may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Philequity nor its content provider is responsible for any damages and losses arising from any use of this information. Past performance is not a guarantee of future results. Investments in mutual funds are not guaranteed by the Philippine Depositor Insurance Corporation. Investing in mutual funds involves risk and possible losses of principal. Consult a professional before investing. For inquiries, please contact Philequity Management, Inc.