



# Vantage

**MARKET OUTLOOK:** CAUTIOUSLY BULLISH

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

## point

Concerns over the impending US interest rate hike pummeled both the Dow Jones index and S&P 500. Both indices not only lost more than 2% last week, but they also gave up all their gains for the year. This sharp drop in US markets spilled over to other markets last week.

However, the PSEi proved to be an exception. Last Thursday, when all other markets were down, the index was still in the green. This goes to show that something special is happening to our country and may point to more outperformance in the future. In the short term, low volume going into Holy Week, along with bullish sentiment and window dressing, may cause the index to experience a strong move in the coming days.

The fact that the PSEi has been steadily moving higher despite volatility and weakness in global markets over the past few weeks is a testament to the country's outstanding fundamentals. Thus, the foreign inflows keep coming. As of last Friday, net foreign inflows already amount to PhP 45 billion for the year. Although corrections are likely, the path of least resistance is clearly higher.



## TRADING STRATEGY

Source: Bloomberg



After consolidating for one and a half months, the PSEi closed at an all-time high last Friday. As of this writing, the PSEi had already broken out of technical resistance of 7,900 and even broke 8,000 momentarily. We continue to hold on to our equity positions, especially index components. Note also that Tuesday, March 31, marks the end of a quarter, which is an especially important period for fund managers. Expect window dressing on this day, which may point to higher stock prices for index components tomorrow.

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