



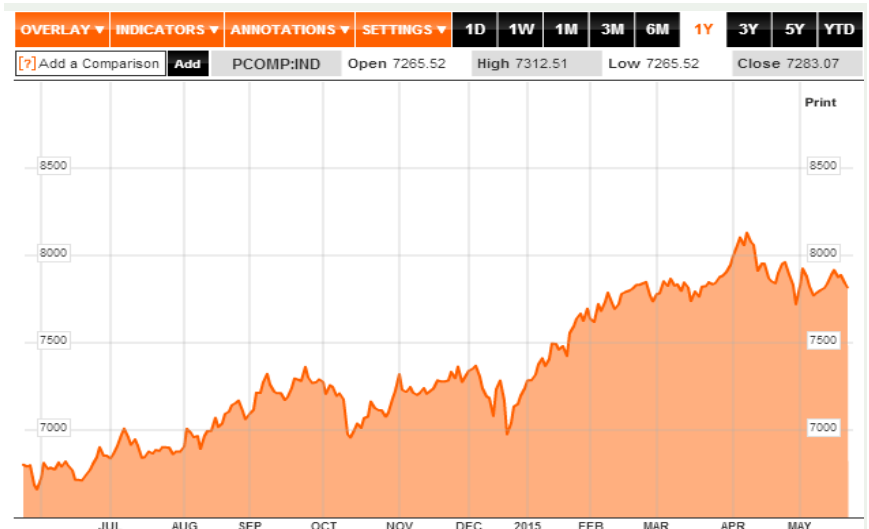
Vantage *point*

MARKET OUTLOOK: CAUTIOUSLY BULLISH

Earnings reports for index stocks have been lackluster, with only 5 beating estimates. Although 12 companies were in-line, there were 13 underperformers, most notable of which are AGI EMP and BLOOM. We expect these to drag the index in the near term until they are able to turn around their performance.

Another factor that has contributed to the market's volatility is the strong dollar. After falling 8% from the high, it has since rallied nearly 4% from the low. Signs of inflation in the US have also bolstered the case for dollar strength, with Yellen signaling that interest rates are likely to be raised this year, albeit at a gradual pace.

Just as we said for the past weeks, we expect trading volume to be light because all eyes are now on May 28 - the release of 1Q15 GDP numbers. Some research firms have already been coming out with forecasts, with Moody's releasing a bullish forecast of 7.3%. The MSCI rebalancing deadline on May 29 will also lead to significant volatility in the market and open up trading opportunities for various stocks.



TRADING STRATEGY

Source: Bloomberg



The PSEi ended last week just above support of 7,800. With earnings reports being mixed, we are all the more selective in our buying. Although we are still waiting for the formal data release for 1Q15 GDP, we are bullish on the market. There are also possible trading opportunities on May 29 because of MSCI rebalancing.



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