



Vantage *point*

MARKET OUTLOOK: CAUTIOUS
STRATEGY: REDUCE INDEX WEIGHTING
REVERT TO STOCK PICKING

The commodity sell-off last week has proven to be a vicious one, with oil breaking below \$50/barrel and gold touching a 5-year low at \$1,100/troy ounce.

While this will affect countries in different ways, this sheer drop is not only due to a strong dollar, but is also signaling a sharp slowdown in China, which is affecting global growth. This has led to corrections in global equity indices last week. Coupled with concerns over eventual US policy tightening, markets have been jittery, with the Dow Jones index losing all its gains for the year. In fact, all ASEAN 5 members are already down for the year, with the exception of the Philippines.

However, despite major markets falling and continuous foreign selling, the Philippine stock market has remained remarkably resilient. That said, with the market trading at resistance, we may experience a correction in the coming days.

The focus will now be on earnings reports, with some companies already releasing preliminary numbers. We will continue to monitor these and trade accordingly.



Source: Technistock

TRADING STRATEGY



With global markets correcting in the latter part of last week, it is likely that other stock markets will follow suit, including the Philippines. On a per stock basis, 2Q15 earnings reports will be a significant driver. We continue to cautiously nibble in the market, especially as we await earnings results.



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