



# Vantage *point*

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

China's latest exports and imports figures showed a contraction of 8.9% and 8.6%, respectively. This is a sign of slowing growth both in China and globally. This is something we are closely watching because a sharp or prolonged slowdown in China will have serious consequences for the global economy.

Dollar strength also continues to pummel currencies around the world. Thus, despite the Philippines healthy macroeconomic environment, the peso hit multi-year lows last week. On the bright side, our currency is still among the best performers among its Asian counterparts. Continuing depreciation by the peso may have a negative impact on equity prices, so we are keeping a close eye on this as well.

2Q15 earnings have so far been mixed, with banks performing poorly in 2Q. We expect earnings to drive performance in the near term as investors await 2Q15 GDP. Note that the PSE's 1st major correction this year occurred on the back of below forecast growth figures.



Source: Technistock

## TRADING STRATEGY



2Q15 earnings are trickling in and so far, they have been mixed. Thus, the consolidation continues. We will continue to monitor the peso and China as we await 2Q15 GDP. We will increase exposure to companies that deliver above-forecast earnings and lighten on those that fail to beat estimates.



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