



# Vantage *point*

**MARKET OUTLOOK: CAUTIOUS**  
**STRATEGY: HOLD AND CLOSELY MONITOR MARKET**

Markets calmed down towards the end of last week as China went on holiday on Thursday and Friday. Unfortunately, rallies last week are shaping up to be relief rallies, as the US fell on a weaker-than-expected nonfarm payrolls number. Many Asian equity indices are also poised to retest their lows as volatility remains high.

Asian currencies, especially the Indonesian rupiah and Malaysian ringgit, also continue to plunge to new lows as capital outflows remain unabated. This will have a significant impact on equity prices.

Foreign flows are not encouraging either. In August alone, net foreign outflows from the PSEi amounted to PhP 17.6 billion, completely wiping out all net foreign buying this year and more.

Lower growth and a weaker peso may eventually weigh on corporate earnings, so we are reevaluating our earnings forecasts, especially in light of weak earnings in 1H15.



## TRADING STRATEGY

Source: Technistock



Concerns over global growth, especially in China, continue to weigh on markets. With rallies giving way to corrections and weakness expanding to developed markets, we revert to a more cautious stance.



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