



Vantage *point*

MARKET OUTLOOK: CAUTIOUSLY BULLISH
STRATEGY: BUY SELECTED INDEX STOCKS

As we have been saying for weeks now, it is likely that the market has bottomed out at 6,603. By the end of last week, the market had erased all its YTD losses. With the worst seemingly behind us, we are now trading carefully back into the market.

Last Friday, China also announced a surprise rate cut to bolster its economy. This electrified markets and we expect this to help Philippine equities move higher this week as well. Earnings season has also started, so expect the market to be fraught with activity as investors differentiate between earnings outperformers and underperformers.

Last week, we also noticed that there has been significant ETF buying. As of this writing, we continue to see ETF inflows. Although foreign inflows have not yet come back in a big way, this shows that foreign funds are once again buying emerging market and Philippine stocks.



TRADING STRATEGY

Source: Bloomberg



The PSEi has broken out of the range it has been staying in since August. We continue to accumulate index stocks, especially now that a bottom has been carved.

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