



# Vantage *point*

**MARKET OUTLOOK: NEUTRAL**  
**STRATEGY: PAUSE AND MONITOR MARKET**

Fed officials continue to condition the market that an interest rate hike in December, the first in more than 9 years, is all but certain. Moreover, it is encouraging to note that the US and European stock markets rose last week despite the Paris terror attack. This was also a sharp contrast to its downward move right after hawkish Fed statements. In fact, last week alone, the Dow Jones index rose 3.3%, bringing global equity indices higher with it.

Thus, we expect the PSEi to mirror this strength pending the announcement of 3Q15 GDP on Thursday. Consensus forecasts place this at 6.3%, much higher than the 5% and 5.6% growth recorded in 1Q15 and 2Q15, respectively. Meeting this forecast will be crucial for the stock market and peso moving forward.

The deadline of MSCI rebalancing later this week may also result in higher volatility going into month-end. After that, all eyes will be on the Fed's December 16 announcement. We will be keeping a close eye on these major events and how the market reacts to them.



Source: Technistock

## TRADING STRATEGY



We expect the market to follow the strength of global markets going into 3Q15 GDP reporting and the deadline for MSCI rebalancing this week. Given that the stock market's move will be largely data dependent in the near term, we remain on hold pending the GDP announcement.

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