

After experiencing sharp corrections immediately after the rate hike, equities have since staged a Christmas rally. Beaten down asset classes also rose sharply, such as crude oil, some emerging market equity indices, and currencies such as the euro and the yen.

Despite this Christmas rally and yearend window dressing though, it will be difficult for the PSEi to end 2015 in the green. As of last week's closing, the PSEi has to rise 3.26%, or 229 points, to be positive for the year. Barring that, this will be the PSEi's first down year in this bull market.

Another thing worth noting are foreign flows. Our stock market logged 5 straight days of net foreign buying going into the Christmas break, for a total of PhP 1.6 billion. This has helped our market stay green in December, keeping with statistics. Now, it remains to be seen whether this will continue in January, another seasonally strong month for equities.

With the US rate hike out of the way, there are a number of catalysts what we are looking at next year that can bring the market higher, namely:

- 1. Stabilization of China and its currency
- 2. Resumption of growth in Europe and Japan
- 3. Stable or weaker dollar
- 4. Above forecast Philippine GDP growth
- 5. Orderly elections



## **RADING STRATEGY**

Source: Technistock



Markets rallied into the Christmas holidays, although on low volume. We maintain our defensive stance.

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