



Vantage *point*

**MARKET OUTLOOK: NEUTRAL
STRATEGY: NIBBLE ON INDEX STOCKS BUT
MAINTAIN DEFENSIVE STANCE**

Developed market equity indices ended the past week in negative territory as European banks continued their steep slide. However, last Friday, stock markets were sharply higher as banks recovered and crude oil had its best day in 7 years, rising 12% in one day.

Dovish statements by Fed Chairman Janet Yellen led the dollar lower, which led to mixed movements across the world. The stronger yen resulted in the Nikkei falling 11% last week. On the other hand, this was a boon to emerging markets which were suffering from too much dollar strength.

We expect ASEAN indices to outperform as their currencies recover from recent lows, providing a boost to equities. Of note is the relative resilience of the PSEi, which continues to hold above the 6,500 level despite all the volatility and negative news coming out of Europe and Japan.

Philippine Stock Exchange Index (PSEi) – 1 year chart



Source: Bloomberg

TRADING STRATEGY



Concerns over European banks continue to hound developed markets. However, we are encouraged by the relative resilience of ASEAN, including the Philippines. We have used dips as opportunities to buy.



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