



Vantage *point*

**MARKET OUTLOOK: NEUTRAL
STRATEGY: BUY INDEX STOCKS AND COMPANIES
WITH STRONG CATALYSTS**

Crude oil prices continue to be volatile as news of an output freeze are offset by higher inventory data. With global equity markets still unable to decouple from oil, we expect volatility to remain heightened.

Fortunately, we note that ASEAN indices did not follow the sharp corrections of their developed market counterparts which fell on negative news surrounding European banks. In fact, as developed markets broke their January lows, ASEAN stock markets, including the Philippines, have since recovered.

On the domestic front, OFW remittances in December were up 4.9%, significantly above forecasts and showing no sign that our workers are being sent home from the Middle East. If future data continues to show that remittances continue to grow despite low oil prices, then we expect it to further boost sentiment for Philippine stocks.

Philippine Stock Exchange Index (PSEi) – 1 year chart



Source: Bloomberg

TRADING STRATEGY



Weakness in developed markets has failed to dampen improving sentiment in ASEAN, including the Philippines. We have bought on dips and will use any pullback from resistance as an opportunity to accumulate.



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