



Vantage *point*

**MARKET OUTLOOK: NEUTRAL
STRATEGY: BUY COMPANIES WITH STRONG
CATALYSTS**

After a very bloody and volatile start to the year, volatility is starting to die down. Developed markets have bounced from the lows while ASEAN equity indices maintained their relative outperformance this year. It is important to note that most global equity markets have remained strong despite Shanghai falling as much as 4.7% intra-day yesterday. In previous months, this would normally have triggered a sharp correction. That said, it still bears watching.

Oil prices also performed well recently, having recently tested its bottom of ~\$26/barrel and rising 25% from there. This bodes well for equities, which are still correlated to movements in crude oil price.

The past few weeks also saw the dollar in consolidation mode, a far cry from its runaway strength in the past year. As long as it stays within a range, it should give emerging markets, including the Philippines, an opportunity to form a strong base. In our case, this reduces the likelihood that the peso will break 48. Instead, it may trade within a 47-47.50 range.

Philippine Stock Exchange Index (PSEi) – 1 year chart



Source: Bigcharts.com

TRADING STRATEGY



The PSEi continues to exhibit strength despite earnings coming in mixed. We continue to hold on to our positions and have used dips as opportunities to buy companies which beat earnings forecast and have strong catalysts moving forward.

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