



Vantage *point*

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

Last week, the Federal Reserve released its monetary policy statement, where it recognized the risks posed by global and financial developments. Thus, they are now looking at 2 instead of 4 rate hikes this year.

As a result, the strong dollar trend reversed, or at least took a pause. This caused EM currencies to strengthen, including the peso, which then supported equity prices. We wrote extensively about the dollar, peso and other currencies in this week's Philequity Corner article.

Oil is now up 50% from the low with \$WTI oil even breaking the \$40/barrel level. This significantly reduced the risk of a credit event in the energy sector. This bodes well for equities as they remain correlated with oil.

As a result of these, the PSEi has broken through resistance after resistance and has now recovered 21% from the low and is up 6% YTD, a sign that the bull market is intact. The peso has likewise reversed losses and is up 0.8% for the year. We will hold on to our positions and continue to use dips as opportunities to buy.

Philippine Stock Exchange Index (PSEi) – 1 year chart



Source: Bloomberg

TRADING STRATEGY



Resistance of 7,200 was blown away with the PSEi reaching the 7,400 level. We remain long Philippine equities.

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