



# Vantage *point*

**MARKET OUTLOOK: BULLISH**  
**STRATEGY: POSITIVE EQUITY OUTLOOK**

We can now breathe a sigh of relief as 2016 national elections were mostly peaceful and orderly. Transmission of votes were also much faster, with the Presidential elections practically being decided before the day ended. As of this writing, the Vice Presidential race remains very close, with Leni Robredo grabbing the lead from Bongbong Marcos.

Previously, analysts and economists have been seeking clarity on Duterte's economic agenda. Fortunately, his comments right after being elected are encouraging. He said that he will boost infrastructure spending, maintain fiscal discipline, focus on finance and lift foreign ownership limits. These pro-reform and investment friendly policies will be a boon to our stock market, economy and country.

He has also named some of the people who will be joining his cabinet, such as Carlos Dominguez, Paul Dominguez, Jess Dureza, Cesar Virata and Ernesto Pernia - names which are acceptable to the business community.

After being tentative for 3 weeks, many market participants were looking for a sign to buy. Thus, the move of the peso yesterday morning was telling. Our currency strengthened by 0.5% and is now below the 47 level. This bodes well for equities, so with many stocks trading at support, we used the market's tentativeness as an opportunity to buy.

Philippine Stock Exchange Index (PSEi) – 1 year chart



Source: Bigcharts.com

## TRADING STRATEGY

With elections finally ending with a decisive Duterte victory and the Philippine peso strengthening early yesterday morning instead of weakening, we took this as a cue that the stock market will rise. This peso strength also spurred many investors who adopted a wait and see attitude into action, with locals buying heavily. With election jitters now behind us, we increased our equity exposure.



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