



# Vantage *point*

**MARKET OUTLOOK: BULLISH  
STRATEGY: ON HOLD BUT REMAIN POSITIVE  
EQUITIES**

After sharp foreign inflows in March, we are seeing moderate but continuous foreign selling in April, which amounts to PhP 3.7 billion so far. The dollar has likewise strengthened ahead of the Fed meeting on Wednesday. Though this meeting will likely be a non-event, dollar strength has caused the peso to weaken to 46.70, a much sharper down move than that of its neighbors.

With equities and currencies being correlated, weakness in the peso will make it hard for equities to rally. Thus, we expect the PSEi to be locked in a trading range until after elections. We will be paying close attention to 1Q16 earnings as well, since these may provide impetus to a directionless market.

Philippine Stock Exchange Index (PSEi) – 1 year chart



Source: Bigcharts.com

## TRADING STRATEGY



The PSEi continues to consolidate in a tight trading range. With this expected to continue for at least a few more weeks, we remain on hold as we weigh the impact of 1Q16 earnings and upcoming developments.

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