



Vantage *point*

MARKET OUTLOOK: BULLISH
STRATEGY: POSITIVE EQUITY OUTLOOK

The past week has proven to be a very fruitful one for the Philippine stock market. Last Wednesday, the PSEi gained 3.65%, its biggest one-day gain this year. This was on the back of PhP 1.88 billion in net foreign buying, also the largest for the year.

Cumulative 4-day post-election performance was at 6.4% - the best since 1992. Last Friday, the PSEi was also up 1.5% despite weakness in most other equity indices. This is a very positive sign. The peso also rose by 1% last week even as most DM and EM currencies weakened against the dollar. Just like the PSEi, the peso was green in a sea of red.

President-elect Rodrigo Duterte also continues to give clarity on his economic agenda as he unveiled an 8-point plan. His cabinet is also shaping up as his team reviews a long list of candidates. We expect more details on these in the coming weeks.

However, the steep up move in the index has brought it to strong resistance levels. Coupled with weakness in global markets, a correction is possible. That said, we expect the PSEi to outperform and continue its upward trajectory as our country's strong fundamentals are enhanced by the new government's policies.

Philippine Stock Exchange Index (PSEi) – 1 year chart



Source: Bigcharts.com

TRADING STRATEGY



The PSEi ended the week with a blistering rally for the best 4-day post-election performance since 1992. We increased our equity exposure last week and though a correction is possible because we are at resistance, we are still bullish on equities.



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