



# Vantage *point*

**MARKET OUTLOOK: NEUTRAL  
STRATEGY: OVERWEIGHT ON CONGLOMERATES WITH  
INFRASTRUCTURE EXPOSURE AND PROPERTY**

The global equity rally continues as US nonfarm payrolls came in at 287,000, way above forecasts of 175,000. This goes to show that the US economy continues on its growth trajectory despite the turbulence in other parts of the world.

Despite the above forecast jobs report, expectations of a Fed rate hike are practically zero in the coming months, 20% in December 2016 and only hit 30% by June 2017. Note that just one month ago, everyone was already expecting a rate hike in July.

Thus, with the jobs report above forecast and markets not expecting a rate hike anytime soon, practically all asset classes moved higher.

However, most fund managers still remain underweight and bearish because of Brexit. Many experts are also tentative on the market. In spite of these, markets continue to rise, baffling most investors. This situation will cause markets to be volatile, but with a positive tilt.

Companies and countries that are least affected by Brexit remain in favor and may outperform.

Philippine Stock Exchange Index (PSEi) – 1 year chart



Source: Bigcharts.com

## TRADING STRATEGY



The above forecast US jobs report lent bullishness to equity markets the world over, with global stocks continuing their rally. Though we expect volatility in the near term, we believe that the long term trajectory is still higher.

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