



# Vantage *point*

## MARKET OUTLOOK: NEUTRAL

**STRATEGY:** CONGLOMERATES WITH INFRASTRUCTURE EXPOSURE AND PROPERTY, AS WELL AS 2ND LINERS WITH GOOD GROWTH CATALYSTS AND INFRASTRUCTURE EXPOSURE

Hawkish speeches by Fed governors last week rattled markets as many were expecting the September rate hike to be off the table. For some markets, this triggered the sharpest one-day correction since Brexit.

Dovish statements from 2 Fed governors did give markets a respite, though it adds to volatility. With the blackout period now starting ahead of the Fed's September 20-21 policy meeting, we expect markets to be on wait-and-see mode.

On the domestic front, recent anti-US statements by President Rodrigo Duterte have been picked up by local and foreign news outlets. Some of these, such as Bloomberg, have released negative news reports which may dampen investor sentiment. We are closely monitoring the impact of President Duterte's pronouncements on individual companies and the stock market as a whole.

Foreign outflows have also brought our stock market down more than 7% from the peak this year. With more than PhP 22 billion flowing out of Philippine stocks, the PSEi is now the laggard among its ASEAN peers. In the coming weeks, we expect more volatility ahead of the Fed policy decision.



Source: Bigcharts.com

## TRADING STRATEGY



Concerns over the Fed meeting next week and recent anti-US statements by the President have dampened investor sentiment. We remain on hold as we closely monitor developments here and abroad.



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