



# Vantage *point*

**MARKET OUTLOOK: NEUTRAL**  
**STRATEGY: SELECTIVE BUYING ON CONSUMER AND**  
**INFRASTRUCTURE STOCKS**

In the previous weeks, we said analysts and economists were waiting to see how much of Trump's rhetoric would actually be implemented as policy. If his first week as an elected President will be any guide, it shows that he is determined to follow through on his campaign promises. From building a border wall to anti-immigration policies, Trump has signed a flurry of executive orders in line with his controversial rhetoric.

Just as was the case with Duterte, while his economic policies are bullish for equities, it remains to be seen if Trump's other policies will distract investors. So far, they seem to be ignoring it as the Dow Jones index made a new all-time high when it hit the historic 20,000 level for the first time. However, we have to be watchful of his anti-immigration policies. There is strong opposition to this and many CEOs have spoken out against it. If Trump maintains a hardline on this, it may even derail the upmove in US stocks.

If the US can sustain its rally, then it should eventually bring equity markets around the world higher. The pause in dollar strength has also given emerging markets a welcome respite. This allowed the Philippines to recover this year. So far, the PSEi is up 7.7% YTD with the peso still holding below the crucial 50-level.

Now that 2016 GDP figures are out of the way, the focus will now be on the passage of the comprehensive tax reform package. Though NEDA Director-General Ernesto Pernia says that the nearly 7% growth we had last year is sustainable, this is also contingent on tax reform. If passed, this will be a significant catalyst for Philippine stocks and our economy.

Philippine Stock Exchange Index (PSEi) – 1 year chart



## TRADING STRATEGY



Based on Trump's executive orders last week, it seems that a significant portion of his rhetoric is being translated into policy. On the domestic front, we are starting to see less uncertainty as President Duterte tones down his drug war. We reiterate our view that the market may have seen the low at 6,499 last year and is now on recovery mode. With focus now shifting towards our strong growth, we are starting to become more sanguine on the market.