



Vantage *point*

MARKET OUTLOOK: CAUTIOUSLY POSITIVE
STRATEGY: SELECTIVE BUYING ON CONSUMER AND
INFRASTRUCTURE STOCKS

Global equity markets continued their march higher, especially in the US. Despite a lot of controversy surrounding his travel ban, it seems like the market is giving more credit to Trump for his economic policies. Last week, Trump announced that "phenomenal" tax cuts will be announced "within the next two to three weeks." This sent US equities higher toward the end of the week.

Trump also spoke with China's president, Xi Jinping. After the call, it was stated that Trump would respect the One China policy at the request of Xi. This should serve to calm tensions in the region for the near term.

The pause in US dollar strength has contributed to gains in emerging markets. However, it has started to rebound ahead of Janet Yellen's speech on February 14. The market will be closely watching her words for any signals regarding the pace of interest rate hikes.

As the market awaits earnings announcements, the PSEi will be largely driven by macro events in the near term. We remain cautiously positive on the market as we await corporate results.

Philippine Stock Exchange Index (PSEi) – 1 year chart



TRADING STRATEGY



The PSEi continues its consolidation in the absence of near term catalysts. Moderate foreign selling also continues. We remain on hold as we await corporate earnings announcements and other developments.