



Vantage *point*

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

After falling significantly from its recent peak, the US dollar staged a recovery last week on the back of robust economic data. This compares with weak inflation data coming out of Germany. Combined with the triggering of Brexit and contentious French elections, the euro lost ground against the dollar.

After experiencing its first real correction, the US stock market is now consolidating as it awaits progress on Trump's other programs, most especially on tax reform.

The same is true in the Philippines. Due to the delay in the passage of the tax reform package, the market has been locked in a tight range. Political, noise, lackluster earnings and fears that the tax reform bill may be watered down have also contributed to the market's listless movement. Long term, we also have to closely monitor both the current account and fiscal deficit as these will have serious ramifications on all Philippine assets. Thus, we maintain our defensive stance.

Philippine Stock Exchange Index (PSEi) – 1 year chart



TRADING STRATEGY



With global equities and currencies now consolidating, the PSEi is likewise locked in a tight consolidation pattern. Due to the absence of fresh catalysts, we maintain our cautious stance.