



Vantage *point*

MARKET OUTLOOK: CAUTIOUSLY OPTIMISTIC
STRATEGY: SELECTIVE BUYING ON CONSUMER,
INFRASTRUCTURE, FINANCIAL AND POTENTIAL M&A'S

After numerous attempts, the PSEi finally ended the week above 8000, even reaching a high of 8,100 before correcting. Note that our all-time high was 8,137 and our highest close was 8,127. Since we're nearing these levels, a correction is quite likely.

Also, our market ended last week on a strong note despite nearly all Asian markets being down last Friday. Combined with PhP 2.5 billion in net foreign inflows last week, this is a positive sign.

While there are a number of global macro events that are in our favor, the most important reason behind our move beyond 8000 was Duterte's push for tax reform. In his SONA, he implored senators to "support my tax reform in full and pass it with haste." He even asked if he needed to kneel just to get it passed. This a sign of Duterte's enormous determination to get it passed into law.

Once passed into law, tax reform could usher in not just the Golden Age of Infrastructure, but also the next leg of our bull market. It may also cause the recent peso weakness to reverse. Thus, we are using dips as opportunities to buy.

Philippine Stock Exchange Index (PSEi) – 1 year chart



TRADING STRATEGY



The PSEi finally had a weekly close above 8000, the first time in 12 months. While corrections are possible since we are nearing the all-time high, we will be using dips as an opportunity to buy.