



Vantage *point*

MARKET OUTLOOK: CAUTIOUSLY BULLISH
STRATEGY: PROPERTY, FINANCIAL AND CONSUMER
SECTORS, AS WELL AS POTENTIAL M&A PLAYS

The PSEi charges on as it is now up for a 7th straight week and is at a fresh record high. Last week alone, net foreign buying amounted to PhP 2.8 billion. Strength in US markets continues to carry global equities, including the Philippines.

Later today, 4Q17 GDP will be coming out, with consensus at 6.7%. This, along with any revisions to the government's 2018 forecast, could drive the market.

On the foreign front, the US government shut down for the first time since 2013 as legislators were unable to come to an agreement on a stopgap spending bill. If this drags on, this may lead to uncertainty in the market.

On the currency side, the peso has notched its 3rd straight week of weakness and is down 1.8% YTD against the US dollar despite sharp dollar weakness against almost all other currencies. This bears watching as it may negatively impact inflation and, consequently, GDP growth.

Philippine Stock Exchange Index (PSEi) – 1 year chart



TRADING STRATEGY



As we approach round number resistance of 9,000, a correction is possible. We remain on hold as we await buying opportunities at lower levels.