



Vantage *point*

MARKET OUTLOOK: CAUTIOUS
STRATEGY: DEFENSIVE STOCKS

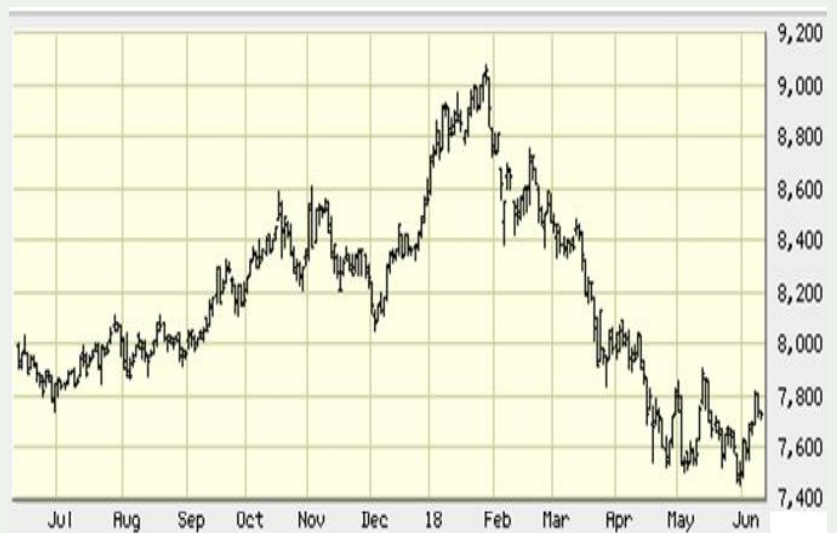
With April inflation coming in below forecast at 4.6%, the BSP has declared that inflation may have peaked.

Along with the sharp drop in oil prices, these have dispelled fears of worsening inflation.

Though foreign outflows still continue, it has started slowing down in the past few days. With the conclusion of MSCI rebalancing, the worst of foreign selling may be over. This has allowed our market to bounce of 7,500 support in the past few days.

Thus, we have started nibbling in the market, specifically stocks with good growth prospects that have become cheap because of this year's selloff. However, we remain wary of global developments, such as trade war concerns, potential tapering in the EU and EM jitters because of Brazil.

Philippine Stock Exchange Index (PSEi) – 1 year chart



TRADING STRATEGY



With inflation coming in below expectations and foreign selling slowing down, we have started nibbling in the market.



[+632 689 8080](tel:+6326898080) ask@philequity.net www.philequity.net

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