



Vantage *point*

MARKET OUTLOOK: NEUTRAL
STRATEGY: OVERWEIGHT PROPERTY AND SELECT CONSUMER STOCKS

Foreign funds continue to be net buyers of Philippine stocks, causing our market to break the crucial 8000 level. The 2 placements from AC and PGOLD were not enough to sap liquidity from the market. In fact, we saw a few days with net foreign buy in excess of PHP 1 billion.

The flows entering the Philippine market are part of inflows into the EM complex. The dollar weakened sharply last Friday as traders speculated that the Fed would turn dovish in its January 30 meeting. If the Fed does follow through on Powell's dovish tone, we expect EM assets to continue their rally and narrow their gap with DM equity indices.

Another big event to watch is the joint statement of US and China after their meeting on January 31. With China Vice Premier Liu He visiting the US to talk about trade, investors are hoping that both sides will announce a way forward on trade. If they do, this will be very bullish for markets. If not, then we expect trade uncertainty to keep a ceiling on stock prices until such point that a resolution is reached.

Despite the sharpness of this rally which makes a correction or consolidation likely, all these catalysts are significant enough to drive flows into the PSEi.

Philippine Stock Exchange Index (PSEi) – 1 year chart



TRADING STRATEGY



With China Vice Premier Liu He visiting the US for trade talks on January 31, global markets have continued their rally. The return of foreign funds to the Philippines underpins this recovery. We remain on hold.



t +632 250 8700 **e** ask@philequity.net **w** www.philequity.net

Disclaimer: The information contained herein is the property of Philequity Management Inc. and may not be copied or distributed without the prior consent of Philequity Management, Inc. The information and views expressed herein is not warranted to be accurate, complete or timely and may change without prior notice. Neither Philequity nor its content provider is responsible for any damages and losses arising from any use of this information. Past performance is not a guarantee of future results. Investments in mutual funds are not guaranteed by the Philippine Deposit Insurance Corporation. Investing in mutual funds involves risk and possible losses of principal. Consult a professional before investing. For inquiries, please contact Philequity Management, Inc.