

Vantage Point

A WEEKLY PUBLICATION FROM THE FUND MANAGERS AND ANALYSTS OF PHILEQUITY MANAGEMENT, INC.

MARKET OUTLOOK: NEUTRAL

SECTOR PICKS: CONSUMER NAMES, STOCKS WHICH BEAT EARNINGS FORECASTS, COMPANIES WHICH DERIVE A LARGE PORTION OF THEIR INCOME FROM FOREIGN SOURCES

TECHNICALS: SUPPORT AT 6800 FOLLOWED BY 7000, RESISTANCE AT 7200 FOLLOWED BY 7500

With global markets regaining their footing despite sharper volatility, the PSEi was able to stay above the psychological 7000 support level. Above forecast GDP growth also bolstered the case that the worst may be over for the Philippines. At 7.6%, full year 2022 GDP growth is the highest since 1976. Though this is partially due to a low base in 2021 due to lockdowns, it also shows that consumers have come to grips with elevated inflation.

Because of this, we have been seeing consistent net foreign buying for Philippine index stocks. The entry of foreign investors is crucial to any sustainable recovery for our stock market. If inflation keeps sliding lower, we can expect upgrades to economic growth forecasts.

At the same time, the peso is also hovering around the 54.50/\$ level, a major resistance level. If the peso can appreciate beyond this, we may see further strength both for the currency and stock market.

Philippine Stock Exchange Index (PSEi) 1-year chart



TRADING STRATEGY



Despite volatility in domestic and global markets, equities the world over are showing strength. The same goes for the PSEi which continues to consolidate above the 7000 level. This is due to hope that the world may actually dodge a recession. As we monitor this, we maintain a neutral stance.