

VANTAGE POINT

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

EQUITY OUTLOOK

MARKET OUTLOOK: CAUTIOUSLY BULLISH

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

TECHNICALS: SUPPORT AT 6400 FOLLOWED BY 6200, RESISTANCE AT 6700 FOLLOWED BY 7000

Since Santa Claus arrived early, it looks like he left early as well. Instead of closing strong due to yearend windowdressing, the PSEi ended the last week of 2023 in the red as the index was sold down 1.1% on December 29.

Still, we believe that it is likely that the market can continue to strengthen in the short term as bullishness over lower interest rates lifts all markets higher. Longer term, economic data and corporate earnings will determine which stocks outperform and which do not. With the interest rate paradigm changing, underperformers in 2023 may become outperformers in 2024.

Whether the Fed can engineer a soft landing next year or not will be among the most important questions in 2024. This will drive interest rate trajectory which then influences the price of risk assets. Until then though, let us enjoy the rest of the holidays.

Happy New Year everyone!

Philippine Stock Exchange Index (PSEi) 1-year chart



TRADING STRATEGY

Forget the market for now! Spend time with your family and enjoy the holidays!



BOND OUTLOOK

**MARKET OUTLOOK:
NEUTRAL**

TRADING STRATEGY

We open 2024 on a neutral stance, with a big rally to end 2023 seeing some profit taking during the last trading days of the year. Naturally market players will be cautious as they assess their strategies for the new year and it may take a while for markets to find direction, for now. Without new leads, we see USTs also retrace somewhat so we should expect yields to drift higher.



With the huge rally in bonds as well as in risk assets to end 2023, we should see some profit taking persist for now, until such time that we get better direction on the magnitude of the Fed rate cuts will be

They have already telegraphed that rate cuts will start this year, so markets are eagerly awaiting further news on this.

We also are watching the developing conflict in the Red Sea, but for now oil prices are stable. For now, we remain neutral, and will watch for levels to start picking up some longer duration bonds to lock in on yields.

PHP BVAL Reference Rates – Benchmark Tenors

Tenor	BVAL Rate as of December 29, 2023
1M	5.1217
3M	5.2438
6M	5.5178
1Y	5.8674
2Y	5.9140
3Y	5.9049
4Y	5.9144
5Y	5.9386
7Y	5.9892
10Y	6.0012
20Y	6.0821
25Y	6.1241



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