

ADVANTAGE POINT

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

EQUITY OUTLOOK



Market Outlook: Cautiously Bullish
Sector Picks: Index heavyweights, Property/consumer, Stocks which beat earnings forecasts, Companies which derive a large portion of their income from foreign sources
Technicals: Support at 6700 followed by 6400, Resistance at 7000 followed by 7400
Trading Strategy: Continuous foreign buying is keeping our market just below the 7000 resistance level. MSCI rebalancing also resulted in net foreign inflows. While we expect the PSEi to consolidate in the interim, we recommend buying on dips.

The PSEi has touched the 7000 level for the first time since February 2023 as it hit an intraday high of 7005 on March 1. As expected, this proved to be a formidable resistance and the index ended the day in the red. Still, the market managed to eke out a weekly gain of 0.09% and is now up for its 6th straight week on the back of continuous foreign buying.

Strength in global markets continues to lift all boats as the S&P 500 is once again back above the 5000 handle. With recession fears fading into memory, bullishness in risk assets has taken hold. MSCI rebalancing also contributed to foreign inflows into the market, with some names even moving higher despite outflows. Though other rebalancing exercises will result in net foreign outflows, we note consistent buying in large cap names.

While technicals indicate that 7000 is a resistance level and that a correction or consolidation is likely, we believe that it is only a matter of time before this level is broken. We may finally be entering a period where the most profitable strategy for Philippine stocks is to buy and hold.



BOND OUTLOOK

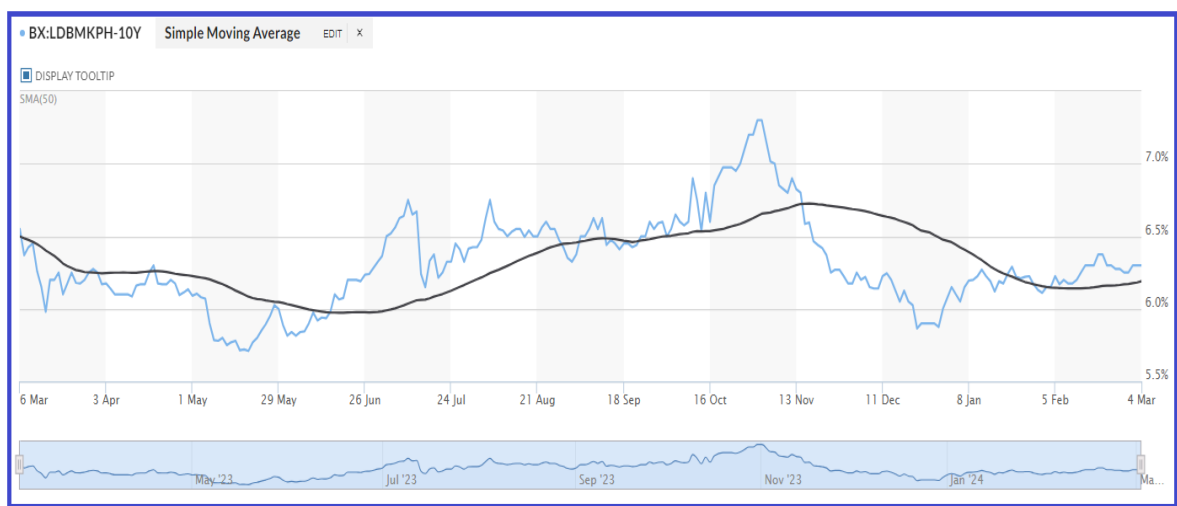
Market Outlook: Neutral
Trading Strategy: We had US data coming in throughout the week but all relatively in line with expectations. Here in the Philippines we watch for CPI data which many are expecting to register an uptick for February. However if all data points to more of the same, we expect that markets will continue to move within the tight range seen for almost a month already. With most news already priced in, we look to stay neutral.

Markets have been stuck in a range for quite some time. Data in the US suggests that inflation is still sticky, but the trend continues to come down. Fed officials are all saying that there is still a need for caution but a cut is coming.

Meanwhile in the Philippines, market activity came to a halt as dealers were busy servicing the new RTB 5yr requirements. When the bond finally started trading, it mostly stayed at its coupon. We expect more of the same for now.

PHILIPPINES 10 YEAR GOVERNMENT BOND

PHP BVAL Reference Rates – Benchmark Tenors



Tenor	BVAL Rate as of March 04, 2024
1M	5.6778
3M	5.7259
6M	5.9416
1Y	6.1040
3Y	6.1554
5Y	6.2090
10Y	6.2494

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