

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



EQUITY OUTLOOK

Market Outlook: Technicals:

Cautiously bullish

Index heavyweights, Stocks which beat earnings forecasts, Companies which derive a large portion of their income from foreign sources Support at 6400 followed by 6200, Resistance at 6700 followed by 7000

With the US dollar continuing to weaken and US markets attempting to regain all-time highs Philippine stocks strengthened as well We are closely monitoring global and Trading Strategy:

domestic economic data, but we are maintaining our cautious bullishness.

With US economic data indicating that recession fears may be unfounded, global equities are entering a Goldilocks scenario of falling interest rates with positive economic growth. This caused US equities to recoup most of their losses, with ASEAN equity indices following suit.

The PSEi is once again attempting to break the 7000 resistance level with the help of significant foreign inflows into index heavyweights. We believe that it is only a matter of time before this level is broken definitively. If a global recession does not come to pass, this will happen sooner rather than later.

The peso showed remarkable strength as it barreled through the 57/\$ level. This is also a catalyst for Philippine stocks and a positive for the Philippine economy. Despite the sharp appreciation recently, note that other ASEAN currencies are also moving in the same direction. Continued strength for the peso will be welcomed and is not out of place.

As the interest rate differential continues to widen, we expect both the peso and stock market to strengthen as long as both corporates and the economy can maintain an uptrend in growth.

Philippine Stock Exchange Index (PSEi) 1-year chart



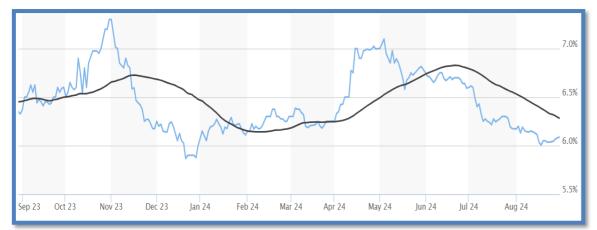


Frading Strategy:

With a light and shortened trading week for us, we look to remain on the sidelines and see if the 6% handle is broken with confidence. This level remains to be the resistance for now. Meanwhile USTs are also moving a bit higher, which should keep rates in a range for now.

Jackson Hole meeting last week had Jerome Powell state that "the time has come", meaning that the Fed would most likely be cutting rates in their next September meeting. Meanwhile the BSP already went ahead and cut interest rates. As we start the cutting cycle in earnest, rates still have room to move lower, but at this point profit takers are using the opportunity to lighten up. This week we also have a 20y reauction, which should provide better direction for rates, and the US GDP, where we expect that there should be modest growth.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates Benchmark Tenors

BVAL Rate as of August 22, 2024	
5.7307	
5.9247	
6.0559	
6.1038	
6.0177	
6.0335	
6.0735	

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



