

# WANTAGE POINT

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

## EQUITY OUTLOOK

**Market Outlook:** Neutral  
**Sector Picks:** Index heavyweights. Stocks which beat earnings forecasts. Companies which derive a large portion of their income from foreign sources. Sold JGS – cutting loss  
**Technicals:** Support at 6000 followed by 5700, Resistance at 6200 followed by 6500  
**Trading Strategy:** Stocks failed to continue their recovery as foreign selling resumed. Fortunately, the peso strengthened on the BSP's surprise decision to keep rates on hold. This should put a floor on stock prices, many of which are trading at extremely low valuations already.

The PSEi's recovery proved to be short-lived as low valuations failed to attract enough bargain hunters. Foreign funds continued to be net sellers to the tune of PhP 25 billion in the past week. Upcoming MSCI rebalancing will also lead to broad outflows for the stock market, with 2 names receiving the brunt of it.

Thought US President Donald Trump declared 25% tariffs on steel and aluminium, as well as reciprocal tariffs in April, markets are taking these in stride. Instead of tariffs being an actual policy, some analysts are viewing them as negotiating tools instead, as was the case between Canada and Mexico. Thus, after tariff fears and the Deepseek selloff, US equities are set to reach new all-time highs.

The huge surprise this week was the BSP's decision to keep rates on hold. This came as a surprise to almost all analysts who were expecting the BSP to be more dovish. Consequently, the peso appreciated by 0.6% against the US dollar in just 2 days, ending the week at 57.84. Further strength of the peso is a positive for both the economy and stock market.

China's stock market continues to strengthen as it vies for AI dominance. Historically, strength in China lifts other Asian countries, including the Philippines. We are hoping the case is the same this time around.

Philippine Stock Exchange Index (PSEi) 1-year chart



## BOND OUTLOOK

**Market Outlook:** Neutral  
**Trading Strategy:** With Fed and BSP holding during its meetings, it looks like markets will be on a wait and see mode for now. Money being put to work has given some support to bonds, though levels are still around 20bp higher than the previous week when there was more optimism. We look to lighten up some more as we push further lower below 6%.

The Fed last week commented that it does not need to be in a hurry to cut interest rates. Markets are now viewing only 1 or 2 cuts this year. Meanwhile, in a surprise, BSP also decided not to cut after telegraphing one, keeping the benchmark rate at 5.75, though it still is anticipating lowering the RRR. With the surprise and with USTs suddenly jumping back up to 4.64 for the 10y, local bonds jump around 15bp across the curve. R518 settles around 6% after going as low as 5.85 and 1072 finishes at 6.15 after being lifted at 6.

## PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of February 14, 2025
1M	5.0370
3M	5.1577
6M	5.5641
1Y	5.7431
3Y	5.8537
5Y	5.9529
10Y	6.1313

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