

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



EQUITY OUTLOOK

Market Outlook: Trading Strategy:

Index heavyweights. Consumer and property stocks trading at depressed valuations Support at 6200 followed by 6000, Resistance at 6500 followed by 6700 Net foreign buying is starting to trickle in after MSCI rebalancing.

For those with cash and courage, this may be an opportunity to buy. Coupled with an appreciating peso, it seems like the PSEi is forming a strong support at these levels.

After last week's oversold bounce post-rebalancing, the index held its ground as foreign funds were selective buyers. We note foreign flows are concentrated in some battered consumer names and a couple of banks. All told net foreign buying amounted to PhP 186 billion last week.

Note that the PSEi held steady despite US President Donald Trump finally implementing tariffs on Canada, Mexico and China. At times, he threatens more tariffs such as on alcoholic beverages, while at times he backs off and removes the tariffs, such as with automakers and potential retaliatory tariffs on Canada. This lack of policy predictability may eventually weigh on the valuations of US stocks. In fact as of Thursday night, the S&P 500 has fallen 102% from its recent high of 6147 on February 19 to 5521. This puts the US benchmark index just within correction territory.

At the same time, China and HK stock markets are revving up as flows are moving from the US to these countries as they bask in their Deepseek moment.



Domestically, the BSP has hinted at potential rate cuts depending on the March inflation print. The Monetary Board moved its meeting by 1 week precisely so these numbers would be available to them BSP Governor Eli Remolona, Jr. also said that while a rate cut is on the table, he will only loosen policy in "baby steps" unless there is a hard landing or recession. The calibrated moves of the BSP will add stability to our economy and risk assets. With the peso strengthening, so did our stock



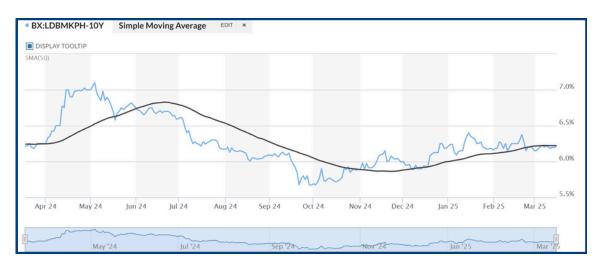
BOND OUTLOOK

Market Outlook: Neutral

Trading Strategy: We will most likely have a wait and see stance this week as markets have turned risk off following weaker economic data in the US and Trump going full steam ahead with his tariffs. Economists are predicting a bigger chance of recession in the US, which has led to equities falling and money flowing back into UST. Yields have come lower by about 10bp and look to be supported, especially on the shorter end, however we would rather stay on the sidelines.

Driven by worries of an economic recession in the US, US yields have come down around 10-15bp. Worries of a trade war have markets taking money off the table and a flight to safety has funds flowing back into treasuries. Here in the PH, BSP remains supportive and has indicated that a cut is still likely, however this has already been priced in by the market with yields also coming down from recent highs, but still not at the same levels touched to begin February. We will be on a wait and see stance for now as markets seem to be fairly priced already, with not much direction.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of March 14, 2025
1M	5.0744
3M	5.2499
6M	5.5675
1Y	5.7920
3Y	5.8437
5Y	5.9525
10Y	6.2301

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