

# WANTAGE POINT

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

## EQUITY OUTLOOK

**Market Outlook:** Neutral

**Sector Picks:** Index heavyweights. Consumer and property stocks trading at depressed valuations

**Technicals:** Support at 6200 followed by 6000, Resistance at 6500 followed by 6700

**Trading Strategy:** Weakness in the US and Asia failed to faze the PSEi as it remain roughly flat even despite rebalancing. This reinforces our thesis that the market is trying to carve a bottom as foreign selling has exhausted itself. Investors with cash may slow and cautiously buy on dips.

The Philippines is finally showing remarkable resilience. 4 straight down weeks in US stock markets, a 7% intraday drop for Indonesia and a sharp 2-day correction in HK barely moved the PSEi. Even with FTSE rebalancing, the benchmark index only lost 0.4% on the week. We note that we saw yet another week of net foreign inflows amounting to PhP 2.3B, half of which was on Friday. As we expected, most of the foreign selling seems to have exhausted itself in February.

The PSE also launched its first ever investor conference for both foreign and local institutions. Many government officials gave speeches and policy statements during the InvestPH event in an effort to attract more investors. Examples of these are CREATE MORE, a revenue-generating version of PIFITA, a new tax and incentives regime for the mining sector and the reduction of the sales tax on stocks from 60 bps to 10 bps. Dozens of corporates also held meetings to better explain their investment case to fund managers. This likely helped generate more interest in Philippine stocks.

Down only 4% YTD, the Philippines is performing better than some of its ASEAN neighbors, such as Thailand (-15.5%), Indonesia (-11.6%) and Thailand (-8.3%).

The Philippine peso is also now in the middle of the pack as it has appreciated by 0.9% against the US dollar YTD. Despite the Fed keeping rates on hold, the dollar continued to remain weak. As for the BSP, Governor Eli Remolona, Jr. said that he expects to cut interest rates by 50-75 bps this year, with the first cut potentially in April.

Philippine Stock Exchange Index (PSEi) 1-year chart



## BOND OUTLOOK

**Market Outlook:** Neutral

**Trading Strategy:** Tariff fears seems to be overblown as the imposed tariffs may be more targeted than expected, and steel tariffs not cumulative. This is good news for the global economy and inflation in general. Meanwhile, US Treasury secretary seems keen to keep 10y UST rates supported. This should at least allay market fears for now, and should allow BSP to remain dovish. For now though bonds are stuck in a range and we still would use any rallies to lighten positions.

With Fed staying put in their recent rate setting meeting, it looks like rates will remain in a tight range for now. USTs remain supported, which should also keep local bonds steady. BSP has already indicated that they will most likely remain supportive of the economy, and recent comments from Recto shows that they would like for the BSP to cut rates to achieve 6% growth this year. Recent range of around 6.2 to 5.9 should hold for now, and we would use any rallies as an opportunity to lighten up on positions and duration.

### PHILIPPINES 10 YEAR GOVERNMENT BOND

PHP BVAL Reference Rates Benchmark Tenors



Tenor	BVAL Rate as of March 21, 2025
1M	5.1073
3M	5.1769
6M	5.5258
1Y	5.6877
3Y	5.8313
5Y	5.9631
10Y	6.2425

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