

VANTAGE POINT

APRIL 28, 2025

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.
Technical: Support at 6000 followed by 5700, Resistance at 6500 followed by 6700
Trading Strategy: Signs that Trump is softening his stance on tariffs and Powell makes us believe that dips are once again an opportunity to buy. However, given how unpredictable the current macro environment is, risk management is still paramount.

As rhetoric hit a crescendo, US President Donald Trump blinked. In the past weeks, Trump shook the world with his reciprocal tariffs. After announcing a pause, he called for China to come to the negotiation table. So far, it has refused to do so. At the same time, he criticized Fed Chairman Jerome Powell for not cutting interest rates, even threatening to terminate him.

Investors did not like this escalation and attack on the Fed's credibility, so they voted with their money. This sent the Dow Jones index down more than 1000 points on Monday. Eventually, cooler heads prevailed as Treasury Secretary Scott Bessent said that the current tariff situation with China is "unsustainable" and that he expects a deal to materialize "in the near future". Trump also walked back his comments on Powell, saying he does not want to fire him.

Dollar weakness in the wake of tariffs have also benefited currencies, including the Philippine peso. By last Friday, it was trading around the 56.25 level, this should help the BSP put inflation under control. It is also likely that if the BSP did not cut interest rates, the peso might be trading closer to 55 instead.

Trump's softening stance sent global equity markets higher. If this continues and trade deals do materialize, recession fears will also recede. Note that multilaterals such as the IMF are already downgrading global growth forecasts due to the potential damage that tariffs can inflict. Still, an end to this tariff war will bode well for riskier assets such as equities. However, the situation is still very fluid and bears watching.

Philippine Stock Exchange Index (PSEi) 1-year chart



BOND OUTLOOK

Market Outlook: Neutral
Trading Strategy: Now that Trump has softened on his stance on tariffs and on fighting with the Fed, markets are breathing a sigh of relief. UST yields are slightly lower and local bonds have also steadied. For now, it looks like this may be a good entry point, especially for the longer ends, but there is no rush to buy and we can wait for slightly better levels.

With Trump stating that he is not planning on firing Fed Chairman Powell, markets have steadied, with UST yields lower by about 10bp. He has also softened his stance on China and blanket tariffs, but China is now on the offensive and playing hardball. Most players still believe that US is headed for recession, which should allow Fed to continue cutting rates if Trump volatility settles down. For local bonds, 1073 jumbo 10y bond comes out at 6.375 and is trading close to these levels. Seems like there is demand coming back to local market but still more or less sideways.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of April 25, 2025
1M	5.1952
3M	5.4558
6M	5.6089
1Y	5.7362
3Y	5.7960
5Y	5.9247
10Y	6.3404

Disclaimer: The information contained herein is the property of Philequity Management Inc. and may not be copied or distributed without the prior consent of Philequity Management, Inc. The information and views expressed herein is not warranted to be accurate, complete or timely and may change without prior notice. Neither Philequity nor its content provider is responsible for any damages and losses arising 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 funds involves risk and possible losses of principal. Consult a professional before investing. For inquiries, please contact Philequity Management, Inc.



www.philequity.net



ask@philequity.net