

# ADVANTAGE 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 6000 followed by 5700, Resistance at 6500 followed by 6700  
**Trading Strategy:** The Philippines may have gained safe haven status due to the relatively low tariffs and export exposure vs. its Asian neighbors. This is driving foreign inflows into our stock market. Dips may be an opportunity to buy.

The PSEi continues its ascent as foreign funds are starting to look for safe havens amidst the tariff chaos. We saw PHP 2.1B in net foreign inflows last week, concentrated mostly in index heavyweights. Thus, the PSEi gained 2.3% last week and is on its 3rd straight week of ascent.

CEOs of many US companies already approached US President Donald Trump to explain the impact of tariffs on their businesses and the American consumer. This may have contributed to Trump's backpedaling as the US equity market is on track for its worst first 100 days performance since 1973, during Richard Nixon's second term.

US overtures towards China are also helping sentiment as both sides deem the current situation to be unsustainable. This offset the surprise 1Q25 GDP contraction in the US. Down 0.3%, the miss was driven mostly by inventory frontloading ahead of Trump's tariffs.

Continued dollar weakness had been a blessing for the Philippine peso, which was up 4% YTD against the US dollar as of last week. This was a boon for Philippine consumers and equity investors.

Philippine Stock Exchange Index (PSEi) 1-year chart



## BOND OUTLOOK

**Market Outlook:** Neutral  
**Trading Strategy:** Rates have been steady recently as markets try to make sense of Trump tariffs and the trade war with China. Meanwhile locally markets are still digesting the new 10y jumbo bond. This has rates currently at a standstill. We would prefer to stay on the sidelines as we await more direction but there is optimism that BSP will continue to cut rates since inflation looks to be benign.

Rates remain steady as markets are wary to move either way. 10y USTs are stuck at around 4.3 and local 10y at around 6.25. It remains to be seen if tariffs will push through, especially the US China levels being absurdly high, though China is keen on keeping the pressure on the US. In the meantime, inflation in the Philippines looks to stay low given lower food prices and oil prices now coming down due to fears of a global recession due to tariffs. This should keep the BSP dovish with hopefully a few more cuts this year.

## PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of May 02, 2025
1M	5.2292
3M	5.5146
6M	5.6713
1Y	5.7183
3Y	5.7967
5Y	5.9081
10Y	6.2603

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