

VANTAGE POINT

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



EQUITY OUTLOOK

Market Outlook : Cautiously Bullish

Technicals :

Trading Strategy :

Support at 6200 followed by 6000, Resistance at 6500 followed by 6800

The PSE's strength is remarkable, especially against the backdrop of a depreciating peso, a corruption scandal and rising geopolitical risk. As we are approaching resistance levels for the index and certain blue chips, we have to monitor whether the market can stage yet another breakout or take a breather. For the time being, one can stay invested.

The benchmark index is up for its 4th straight week, gaining 1.84% as it attempts to break the next resistance level of 6500. Foreign institutions remain net buyers to the tune of Php 3 billion, though it is concentrated in a handful of names. Despite the lack of market-moving catalysts, flows into emerging markets are still finding their way into the Philippines.

Amidst all the anti-immigration policies in the US, OFW remittance growth remains firm, with November figures at 3.6%. Both land and sea-based remittances grew at an even clip. This is in sharp contrast to FDIs which plunged 40% in October against a backdrop of political uncertainty and the ongoing corruption scandal.

Metal prices are also hitting new record highs, which bodes well for Philippine mining companies and the economy. At the same time, oil prices remain tepid despite attacks on Venezuela and threats against Iran. This is a major positive for the Philippine economy and consumers.

Unfortunately, the Philippine peso is slowly but surely inching towards new record lows. However, we note that this is the first time in 5 years that the Philippine stock prices are able to rise despite a depreciating peso. It remains to be seen if this trend will continue because foreign institutions are usually sensitive to FX risk.

Philippine Stock Exchange Index (PSEi) 1-year chart



BOND OUTLOOK

Market Outlook : Neutral

Trading Strategy :

With not much new catalysts to move the markets, local rates have steadied at support levels, with the 10Y3 back at close to 6%. At this level you see demand, and would be a good entry point to reload, but there is no rush yet as not much data this week to force action either way. For now best to stay on the sidelines and be opportunistic in picking up.

Not much data points this week to move markets, so we focus instead on how the markets see on who will eventually replace Fed Chair Powell when he finishes his term. Already markets have scaled back its assumption on rate cuts, with the first cut in 2026 moving back to July from March. USTs are also steady at around 4.2 for the 10y. Markets are also preoccupied with other geopolitical news, such as the deadly protests in Iran, and Trumps fixation on annexing Greenland.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates
Benchmark Tenors

Tenor	BVAL Rate as of January 16, 2025
1M	4.6663
3M	4.7975
6M	4.8811
1Y	4.9428
3Y	5.4709
5Y	5.7334
10Y	6.0483

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