

VANTAGE POINT

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



EQUITY OUTLOOK

Market Outlook: Cautiously Bullish

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

Trading Strategy: The PSEI took a much needed breather as it corrected this week. We believe that investors can still buy on dips, especially if the Philippine peso appreciates significantly.

After failing to break resistance of 6500, the PSEI took a breather as it lost 2.03% for the week. While weekly net foreign flows were roughly flat at +PhP 236 million, we saw across the board net selling on Friday amounting to PhP 574 million. Note that strong local institutional buying coupled with foreign passive inflows buoyed our market higher in the past weeks.

US President Donald Trump's threats to take Greenland were allayed as a "framework for a deal" was established in Davos. He also said that "he will not use force" to get Greenland. Still, we saw an exodus out of US dollar assets.

Dollar weakness helped the Philippine peso appreciate as it ended the week at 59.10 to the US dollar. President Ferdinand Marcos Jr. also said that he does not want the peso to hit 60/dollar. This may have prompted some institutions to bet on peso strength. If the peso strengthens towards the 58 handle, it will be a boon for capital markets as many foreign institutions are sensitive to FX risk.

Philippine Stock Exchange Index (PSEi) 1-year chart



BOND OUTLOOK

Market Outlook: Positive

Trading Strategy: With a crisis averted in Greenland, equity markets and bonds have rallied. A brief "Sell America" trade was reversed with tech stocks flying again and the 10y UST back below 4.25 after hitting 4.3. With local yields following the UST higher, this may be now be a good opportunity to capitalize on the uptick, especially with the 10y 1073 still at 6%

Trump declared that he would not use military action in Greenland and that a framework of a deal was in place with NATO, giving the USA mineral rights sharing in Greenland and allowing it to place the Golden Dome missile defense system. Markets rallied as tensions de-escalated. Local bond yields are still elevated especially on the 10y but already there have been opportunistic buyers. Look to take advantage of the uptick by participating in the weekly auctions to get a better yield pickup, but overall, yields seem attractive already at these levels.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates
Benchmark Tenors

Tenor	BVAL Rate as of January 23, 2025
1M	4.6412
3M	4.7664
6M	4.8359
1Y	4.8912
3Y	5.4974
5Y	5.7656
10Y	6.0635

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