



# Vantage *point*

**MARKET OUTLOOK: BULLISH**

**STRATEGY: OVERWEIGHT CONSUMER FOOD AND POWER SECTOR**

**UNDERWEIGHT TELCO SECTOR**

**NEUTRAL BANKING AND PROPERTY SECTOR**

3Q14 earnings will continue to determine the PSEi's direction in the near term. The lack of volatility in the index's movement masks the underlying rotation out of companies that had below forecast earnings to those that beat analyst estimates. The gaming sector is now in focus as the City of Dreams, the 3rd casino granted a license by PAGCOR, opens its doors to the public in December.

Meanwhile, foreign markets are also taking a breather after rising double-digit percentages from their October low. Europe reported better than expected GDP while Japan disappointed as it slipped into a technical recession in 3Q. These twin surprises may create volatility going into yearend.

Today, the BSP also announced the creation of a property price index that can monitor to check for excesses in the sector. We are keeping a close watch on this space as the BSP tightens regulations concerning loans to this sector.



Source: Technistock

## TRADING STRATEGY

The index continues its sideways movement as 3Q earnings turned out to be a mixed bag. With support of 7,200 holding despite weakness in the #1 index component, TEL, we remain bullish in the market.



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