



# Vantage *point*

**MARKET OUTLOOK: BULLISH**

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

**UNDERWEIGHT TELCO SECTOR**

**NEUTRAL BANKING AND PROPERTY SECTOR**

With 3Q earnings now past us, the stock market will be taking a cue from foreign markets. The US continues to make new highs as inflation came in above forecast. It also reports 3Q14 GDP next week. If the US continues its trek higher, expect it to bring global markets higher as well, including the Philippines.

With the year coming to a close, we are now looking at our 2015 targets. We maintain our conservative 18x 2015 P/E target for the index, which brings our end-2015 target to 8,410.

With the S&P 500 trading at 17x P/E on lower GDP and earnings growth, it is likely that our index can trade at a higher P/E. If developed markets move higher, the index may trade at 19-20x P/E, which translates to 8,877 and 9,344 respectively.



## TRADING STRATEGY

Source: Technistock

The index continues to consolidate above the 7,200 level. We continue to be buyers of our top stock picks on pullbacks, especially gaming counters. Many fund managers, like us, were given a sneak peek into the City of Dreams casino, so this should give impetus to all stocks related to it, like MCP, PLC, LR and BEL. November and December are also the strongest months of the year historically. However, a multitude of share placements and offerings may sap market liquidity.



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