



# Vantage *point*

## MARKET OUTLOOK: BULLISH

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

UNDERWEIGHT TELCO SECTOR

NEUTRAL BANKING AND PROPERTY SECTOR

Last week, the PSEi experienced a 2-day, 2% drop as foreign funds sold in fear of a repeat of Yolanda. Note how the sell-down occurred even before Typhoon Ruby entered the Philippine area of responsibility. Fortunately, the storm weakened from Category 5 to Category 2. As of this writing, Ruby is now merely a tropical storm.

Given Ruby's underwhelming impact, we view this pullback as an opportunity to buy.

One important event that may have been given little attention by locals is the strength of China. Now at a 4-year high and up 43% for the year, China is going up despite bearish analysts' reports and bad economic data. With its 43% YTD performance, the Shanghai Composite is now the best performing index in Asia.

Oil prices have continued to fall and are now at a 5-year low. WTI prices are now at \$62.5/barrel, down 37% YTD. The strength of Chinese stocks may be a sign that China's economy is stabilizing. If China continues to move higher, this may bode well for emerging markets moving forward. This, coupled with lower oil prices, is a positive for the Philippines in the long term.



## TRADING STRATEGY

Source: Technistock



The PSEi fell 2% in 2 days due to selling ahead of Typhoon Ruby's impact. Seeing that fears are overblown, we view this pullback as an opportunity to accumulate our 2015 stock picks.

## PhilEquity

2004-A, East Tower, Philippines Stock Exchange Bldg., Ortigas Center, Pasig City, 1605  
 (+632) 689.80.80 (+632) 706.07.95 sales@philequity.net www.philequity.net

Disclaimer: The information contained herein is the property of Philequity Management Inc. and may not be copied or distributed and is not warranted to be accurate, complete or timely. 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 Depositor 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.