



Vantage *point*

MARKET OUTLOOK: BULLISH

**STRATEGY: OVERWEIGHT CONSUMER AND POWER
UNDERWEIGHT TELCO**

Last week, we wrote about how the possibility of a Greece exit can cause volatility in global markets. We also said that coup rumors and calls for President Aquino to resign are risks that we should watch out for. However, despite all that, the Philippine stock market has shown surprising strength, hitting new high after new high. It is a very bullish sign when the stock market refuses to fall despite bad news.

Note also how all recent share placements are still above their placement prices. Normally, an avalanche of share placement should have caused the market to correct, as it did in the past. However, instead of the market consolidating as it digests these placements, it went to new highs. This goes to show that demand for Philippine stocks remains strong. The game changer for our market has really been low oil prices and history shows that oil may stay low for many years to come.

Another bullish signal is the movement in global markets. US equity indices closed at new highs last week while European stock markets are up more than 10% YTD. Japan is at a 15-year high as well. If markets continue to move higher, it will be very difficult for our market to correct.








Source: Technistock

TRADING STRATEGY



The PSEi continues its trek higher, ending last week at an all-time closing high of 7,825. We expect it to continue higher, although it has been doing so recently at a slower pace. A steep rise in the past 7 weeks and MSCI rebalancing ending this week makes a correction possible. However, we remain bullish and we will be using pullbacks as an opportunity to buy.

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.