



Vantage *point*

MARKET OUTLOOK: CAUTIOUSLY BULLISH

STRATEGY: OVERWEIGHT CONSUMER FOOD AND POWER SECTORS
UNDERWEIGHT TELCO SECTOR

Despite volatility in global markets, the PSEi continues to differentiate itself by hitting new high after new high. Already up 10% for the year, YTD net foreign inflows are already approaching the P50b mark.

In order to gain exposure to the Philippines, foreign funds have resorted to buying index components, especially those in the MSCI Philippines index. This caused many index stocks to break out and hit new highs.

Our country's standout macroeconomic fundamentals are what attract foreign funds to our stock market. In fact, in an article that came out today in the Philippine Star, the Philippines was listed as the country that is most resilient to external shocks among emerging markets. Stories like this will only increase interest in our stock market, driving more flows, both foreign and local.



TRADING STRATEGY

Source: Technistock



The PSEi continues to rally to new highs. This week, it may also achieve a new milestone - closing above the 8,000 level for the first time in its history. It also continues to remain green in a sea of red. With these 2 factors bringing more attention to our country and stock market, we expect index components to outperform as foreign flows continue to pile into them.

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