



Vantage *point*

MARKET OUTLOOK: CAUTIOUS
STRATEGY: HOLD AND CLOSELY MONITOR MARKET

Concerns over global growth continue to hound markets as the ADB downgraded its growth forecasts and China reported industrial profits dropping 8.8% YoY in August. As of this writing, ASEAN indices are down as much as 1.6%, with their respective currencies continuing to weaken.

Traders weighed Yellen's speech last Friday, where she said that she still expects an interest rate liftoff within the year, with gradual increases next year if the US economy grows as forecast.

Note that markets remained tentative until Yellen's policy statement. However, this turned into weakness as investors weighed the rationale behind the delay in the rate hike - weakness in global growth, especially in China. With the specter of higher US interest rates looming amidst slowing global growth, we choose to exercise caution.



TRADING STRATEGY

Source: Technistock



Markets continue to be volatile as global growth risk remains. We remain cautious as our stock market and currency continue to be affected by our neighbors. See the Philequity Corner article published yesterday, *Throwing the Baby Out with the Bath Water*. In the article, there are tables showing the performance of various currencies and equity indices.



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