



Vantage *point*

MARKET OUTLOOK: CAUTIOUS

STRATEGY: HOLD AND CLOSELY MONITOR MARKET

After a savage and volatile 3rd quarter which saw the PSEi fall 8.9%, the market is off to a good start. We note that not only did support of 6,800 hold, but there have been 3 straight days of net foreign buying. It remains to be seen if this is a trend, but it is nonetheless a positive sign.

In the US front, equity indices had their biggest bullish one-day reversal since 2011. After falling more than 1% on a below forecast jobs report, the S&P closed 3% above its intraday low. Strong price action despite bad news is also a bullish sign.

We expect markets to remain relatively quiet in the near term as China is still on a week long holiday. Until the Fed raises rates and growth concerns ease, we expect volatility to persist. Some multinational banks and multilaterals also released a report downgrading Philippine growth drastically. Given that our first major correction was due to GDP growth disappointment, we have to closely watch for any possible deterioration in economic data.



TRADING STRATEGY

Source: Technistock



The market continues to consolidate between 6,800 and 7,200. We remain cautious on the market as we monitor it for signs of decoupling, reversal of foreign flows and stabilization of foreign markets.

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