



# Vantage *point*

**MARKET OUTLOOK:** NEUTRAL  
**STRATEGY:** OVERWEIGHT ON CONGLOMERATES WITH  
INFRASTRUCTURE EXPOSURE AND PROPERTY

The rally continues as the US continues to make new highs. Note that equity markets remain bullish despite dollar strength, renminbi weakness and tepid oil prices. Normally, any one of these could have triggered a correction. However, in a yield-starved world where interest rates are likely to stay lower for longer, it looks like money has nowhere else to go except equities.

President Duterte's SONA yesterday provided us more clarity on his program of government, such as tax reform, infrastructure spending, relaxing of foreign ownership limits, etc.

Though the Philippines has many catalysts ahead of it in the long term, valuations are close to the highs recorded in this bull market cycle. We are also entering a seasonally weak period for stocks. Statistically, August-October tend to have weak stock price performance. Thus, a correction or consolidation during this time may present an opportunity to buy.

Philippine Stock Exchange Index (PSEi) – 1 year chart



Source: Bigcharts.com

## TRADING STRATEGY



The PSEi continues to move closer and closer to its all-time high on the back of heavy foreign buying and the many pro-business policies of the new government, some of which are already in the pipeline. President Duterte's SONA yesterday also included more pronouncements that are good for our economy. However, with valuations close to their highs, we continue to remain on hold.

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