



Vantage point

MARKET OUTLOOK: NEUTRAL

STRATEGY: CONGLOMERATES WITH INFRASTRUCTURE EXPOSURE AND PROPERTY, AS WELL AS 2ND LINERS WITH GOOD GROWTH CATALYSTS AND INFRASTRUCTURE EXPOSURE

Investors have been forced to play an extended waiting game as they await the policy decisions of the Fed and the BOJ this week. Both major central banks are set to meet this week (Sep 20-21). The Fed is set to deliberate a potential rate hike decision while the BOJ will decide on potentially expanding its QE program.

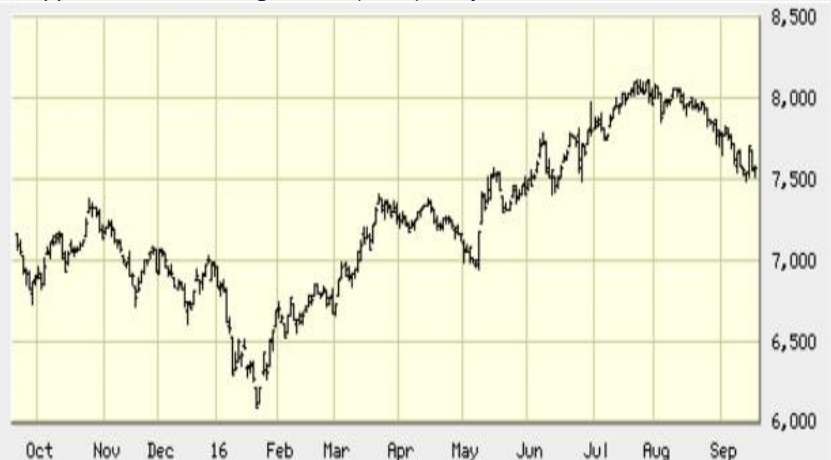
Beyond the actual policy decisions, there is uncertainty surrounding the effectivity of accommodative central bank policies and how these policy decisions will affect asset prices. These concerns were aggravated by negative headlines from prominent foreign news outfits regarding President Duterte's fiery rhetoric and other widely-publicized issues in the country.

These have taken their toll on Philippine assets, causing weakness in the PSEi and the Philippine peso. The PSEi and the peso fell 7% and 4%, respectively, from their post-election highs, putting them among the region's worst performers. The peso has been the worst performer in Asia, which has exacerbated the weakness of our stock market. We are also carefully watching the recent softness in OFW remittances. Moreover, we are closely monitoring initial signs of weakness in our current account balance.

We thus have to closely monitor the Fed and BOJ policy decisions and the immediate effects on the PSEi and the peso. Moreover, we will have to look at how these decisions affect the short-term movement of stocks, bonds, currencies and commodities.

Likewise, we have to closely follow current domestic issues and concerns that are causing jitters to our financial markets.

Philippine Stock Exchange Index (PSEi) – 1 year chart



Source: Bigcharts.com

TRADING STRATEGY



Concerns over the Fed and BOJ meetings this week, along with negative news coverage from major media outfits about the Philippines and other current domestic issues have dampened investor sentiment. We remain on hold as we closely monitor developments here and abroad.



a 2004-A, East Tower, Philippines Stock Exchange Bldg., Ortigas Center, Pasig City, 1605

t (+632) 689.80.80 **f** (+632) 706.07.95 **e** sales@philequity.net **w** www.philequity.net