



Vantage *point*

MARKET OUTLOOK: NEUTRAL
STRATEGY: SELECTIVE BUYING ON CONSUMER AND INFRASTRUCTURE STOCKS

Though investors have been nervously waiting for Trump's inaugural speech, it turned out to be a non-event for markets. Though it was more protectionist than expected, it is still unclear how much of his pronouncements will transition into actual policy. For example, there was no specific mention of Mexico in his speech, which caused the Mexican peso to strengthen by 3%. If this continues, it should bring another EM currencies with it, which is bullish for EM equities.

His comments about the dollar being "too strong" cause the euro and yen to appreciate significantly. This also gave EM currencies, including the peso, a respite from the nonstop dollar strength last year. So far, the peso is consolidating between 49.50 and 50.

After 2 straight weeks of foreign inflows, the last 6 trading days so net outflows of PhP 1.1 billion. The market also settled down around 7,200 and has been meandering here for some time now.

With no fresh leads in the near term and the seasonally strong November to January period coming to a close, we expect the market to consolidate until we see new policy developments here and abroad.

Philippine Stock Exchange Index (PSEi) – 1 year chart



TRADING STRATEGY



So far, Trump's inaugural speech has not triggered any wild gyrations in the market. However, uncertainty remains on how much of his rhetoric will actually translate into policy. With the PSEi being directionless as of late, we remain on hold for now.