



Vantage *point*

MARKET OUTLOOK: CAUTIOUSLY OPTIMISTIC
STRATEGY: SELECTIVE BUY CONSUMER, INFRA,
FINANCIAL AND POTENTIAL M&A PLAYS

Global equities continued their rally as optimism over the 2nd round of French elections boosted investor confidence. Polls show that centrist Emmanuel Macron will most probably France's next President, which lessens risk in Europe and removes a significant growth risk.

Strength in US stocks have also lifted equities the world over, especially as the Nasdaq closed at a new all-time high. This should benefit emerging market assets, including the Philippine peso and Philippine stocks.

With our EM and Asian neighbors rising, foreign flows are flowing into the Philippines as well. Last week alone, we saw net foreign buying in excess of PhP 2 billion. With investors now going to "risk on" mode, equity prices should remain strong.

Philippine Stock Exchange Index (PSEi) – 1 year chart



TRADING STRATEGY



With equities rallying globally, such as the Nasdaq closing at a new high, we expect Philippine stocks to rise as well. We have increased our exposure to high growth stocks and remain prepared to buy on dips.