



# Vantage

## *point*

**MARKET OUTLOOK:** CAUTIOUSLY OPTIMISTIC  
**STRATEGY:** SELECTIVE BUYING ON TOURISM, INFRA,  
 FINANCIAL AND POTENTIAL M&A PLAYS

French elections panned out as expected with Macron handily winning the 2nd round and making history as the first president in modern French political history not coming from a major political party. With his victory, markets dodged yet another bullet that may have rattled the bull market.

On the local side, the big news was the passage of the tax reform package through the House Committee on Ways and Means. Though the DOF is still studying the impact of the revisions to the bill, this a step in the right direction that brings it closer to becoming law. This is the primary catalyst that both local and foreign investors have been waiting for as it can be transformative for the country. Moreover, it enables the record-breaking PhP 8.4 trillion infra spending that the government is planning.

Combined with potential banking M&A, a pause in dollar strength and the continuing rally in global equities, we expect the PSEi to retest the all-time high of 8,137. Thus, we have been increasing our equity exposure, especially to preferred sectors.

Philippine Stock Exchange Index (PSEi) – 1 year chart



## TRADING STRATEGY



With many catalysts now materializing, we expect Philippine stocks to continue their march higher. We increased our exposure to equities and expect a retest of the all-time high.