



# Vantage

**MARKET OUTLOOK:** CAUTIOUSLY OPTIMISTIC  
**STRATEGY:** SELECTIVE BUYING ON TOURISM,  
 INFRASTRUCTURE, FINANCIAL AND POTENTIAL M&AS

# point

Last Wednesday, in a landslide 246-9 vote, the 1st package of the comprehensive tax reform plan was finally passed by Congress. This was welcomed by investors and analysts alike, who hailed it as a step in the right direction.

Since the bill was passed, the PSEi has gained 2.7% on the back of PhP 28 billion in trading volume and PhP 2 billion in net foreign buying. The PSEi touched the 8,000 level yet again last week before pulling back because of the casino tragedy. However, as of this writing, the PSEi has broken above 8,000 with high volume.

The peso has always outperformed in recent days, gaining nearly 1% in the past 3 days. From staying stubbornly close to 50, the peso is now at support of 49.40. Following technical analysis, a break below this level will bring it to 48.50.

Though the tax reform package still has to hurdle the Senate and bicameral committee, we expect it to pass within the year and become effective by January 2018. Assuming it is passed on time and not watered down, this will be the catalyst that will allow our market to make new all-time highs.

Philippine Stock Exchange Index (PSEi) – 1 year chart



## TRADING STRATEGY



With tax reform passing the 3rd and final reading in Congress, markets were electrified. We added equity exposure last week as we expect the index to eventually retest the all-time high.