



# Vantage *point*

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

Yet another attempt to decisively break 8000 was thwarted last week. After reaching a high of 8,106, the PSEi fell by 3% before recovering. However, an important milestone was reached last week as the PSEi logged its first monthly close above 8000 in history when it closed at 8018 on July 31.

One reason behind the strength of our market is the global bull market we are experiencing now. For the first time in history, the Dow Jones closed above 22,000. This carried global markets the world over. EEM, the emerging markets ETF, is also at highs not seen since 2015. This indicates strong inflows into EEM, which should flow into the Philippines as well.

Last week, GIC and Macquarie's infrastructure fund also launched a tender offer for up to 8.9 billion shares of EDC. If this is fully taken up, it will bring in PhP 64 billion in foreign inflows. This is a positive for both our stock market and the peso.

Also notable is the move of the peso last week, where it strengthened by 0.6%. This is the 2nd straight week of peso strength as it ended last week at 50.24. This is a reflection both of dollar weakness and confidence in the prospects of tax reform. Against this backdrop of a global bull market and a stabilizing peso, we will continue to use dips as an opportunity to buy.

Philippine Stock Exchange Index (PSEi) – 1 year chart



## TRADING STRATEGY



The PSEi continues to climb a wall of worry as it consolidates close to 8,000. However, with global markets making new highs or approaching new highs, we will still use dips as opportunities to buy.



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